IN PRAISE OF SEX

Karl Hess on the Sandinistas

reason

Free Minds and Free Markets

January 1986/$2.00

Brit Workers Devour the State

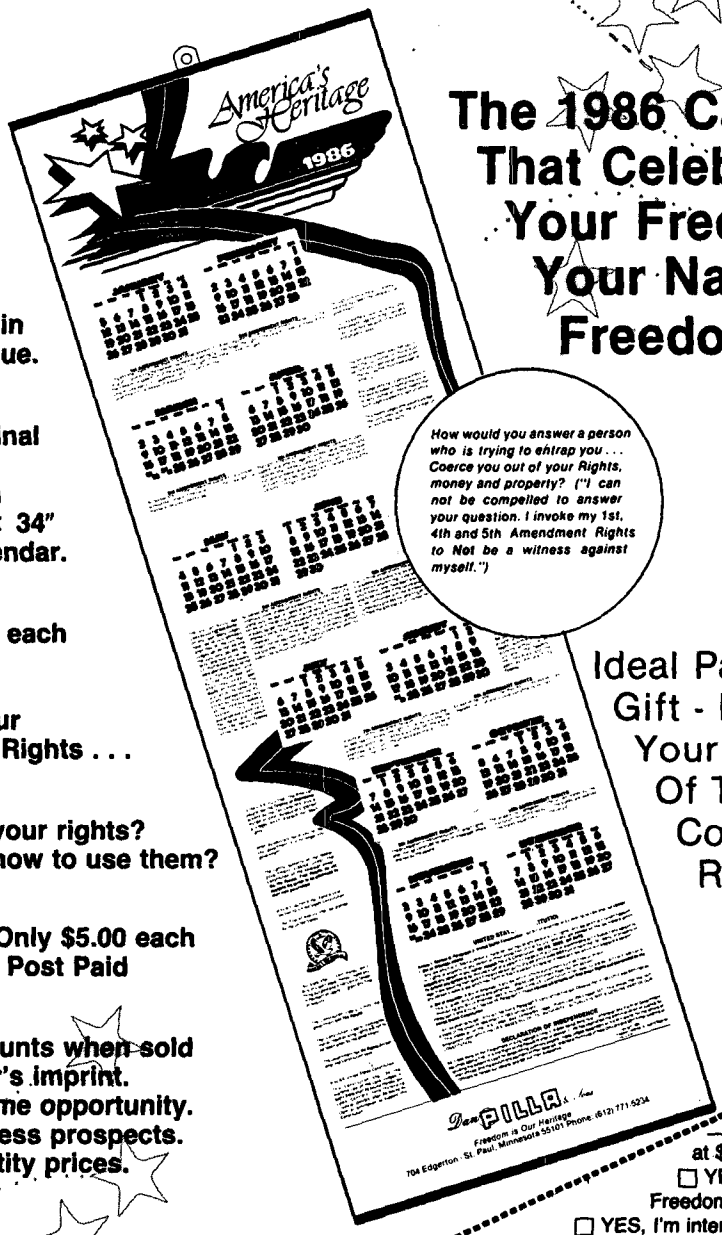
How Much Are You Worth?

Illiteracy Conspiracy?

Live, from 1795--
The Founding Fathers

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IT'S BACK AGAIN!



The 1986 Calendar That Celebrates Your Freedom . . . Your Nation's Freedom . . .

How would you answer a person who is trying to entrap you . . . Coerce you out of your Rights, money and property? ("I can not be compelled to answer your question. I invoke my 1st, 4th and 5th Amendment Rights to Not be a witness against myself.")

Available now in red, white & blue.

Complete original Bill of Rights displayed on a beautiful 11" × 34" panel wall calendar.

Explanation of each of your rights. Explains how to exercise your Constitutional Rights . . .

Do you know your rights? Do you know how to use them?

Gift Boxed — Only $5.00 each
3 for $10.00 — Post Paid

Quantity discounts when sold with advertiser's imprint. Excellent income opportunity. Show to business prospects. Write for quantity prices.

Ideal Patriot's Gift - Remind Your Friends Of Their Constitutional Rights!

SEND TODAY TO: DAN PILLA
704 EDGERTON • ST. PAUL, MN 55101
OR CALL: (612) 771-5234

☐ YES, Please Send Me _____ Freedom Calendars at $5.00 each.
☐ YES, Please Send Me _____ Freedom Calendars at 3 for $10.00.
☐ YES, I'm interested in Quantity Discounts for Personalized Calendars. Please send information.
Enclosed is $5.00 for sample calendar.

Name_____
Address_____
City_____ State_____ Zip_____

RE84

Privatization In Britain:

An Economic Miracle in the Making?
A Blueprint for the Reagan Administration?

"What we are saying is that the free enterprise system works, and let's put it back into practice."
– John Moore, *British Financial Secretary*

"The government wants . . . to raise money through the sale of the assets of the state. We rather think that is like selling off the furniture to pay the rent."
– John Smith, *British Labour Party*

The Thatcher Government's Privatization Campaign. It's a controversial, complicated story . . . and one that must be understood by policy makers dealing with contemporary economic issues.

In the spring of 1985, the PBS series AMERICAN INTERESTS presented "An Economic Miracle in the Making?" – the first in-depth television treatment of privatization in the U.K. Now, this critically acclaimed half-hour program is available on videocassette. It takes you to the government bureaus of Whitehall, the boardrooms of newly privatized companies, and to the factory floors, where workers and managers face a new era in management-labor relations. You'll meet the most prominent figures in the Privatization debate, including:

John Moore, *British Financial Secretary*
John Smith, *British Labour Party*
John Egan, *Chairman, Jaguar plc.*
Sir Peter Thompson, *Chairman, National Freight Consortium*
Sir George Jefferson, *Chairman, British Telecom*
Madsen Pirie, *The Adam Smith Institute*
Stewart Butler, *The Heritage Foundation*
J.P. Bolduc, *The Grace Commission*

AMERICAN INTERESTS®

AMERICAN INTERESTS appears on PBS.
Please check your local listings for date and time.

ORDER FORM

Send me _____ videocassette(s) of "An Economic Miracle in the Making?" as indicated below.

FORMAT
¾"Umatic___ ½"Betacam___ ½"VHS___ ½"Betamax___

Enclose check or money order for **$120.00** per cassette. *Sorry, no C.O.D.'s.*

Name_____

Street Address_____

Title_____ City_____ State_____ Zip_____

Organization_____ Telephone (___)_____

Return to:
The Blackwell Corporation
1255 23rd Street NW
Suite 460
R1 Washington, DC 20037

American Interests is sold conditionally, to be used only by the individual or organization acquiring the tapes from the Blackwell Corporation. They may not be loaned, rented or sold to anyone, altered or duplicated in any manner, in whole or part, shown at any occasion for which directly or indirectly viewers are charged, shown on closed circuit or cable television, or broadcast in any manner. Exceptions may be made only with prior written approval from The Blackwell Corporation.

_____Our organization agrees to abide by the Limitations of Use.

_____
Authorized Signature

January 1986/Vol. 17, No. 8

reason

Free Minds and Free Markets

features

Let them eat cake 22

22 ***Buying Out of Socialism***
Madsen Pirie
Maggie Thatcher knows how to turn British workers on to capitalism—cut them in on the action.

28 ***If the Founding Fathers Were Alive Today . . .***
David T. Hardy
Jefferson, Madison, and Washington gave us our freedom and independence. Our supercomputer brings them back to life—but they don't like what they see.

33 ***Brother, Can You Spare a Sack of Money?***
Julio Cole
Bolivia emerges from a bout with an incredible *116,000* percent inflation rate. A survivor tells what it was like.

36 ***Know Thy Worth***
David Brooks
Frightened by slippery pimento bits, club-sandwich toothpicks, pigeons from hell? Relax—here come our national nannies at OSHA to the rescue!

departments

Power to the people 46

What's your bottom line? 36

Trends

14 AIDS in our blood, tax-revolt fever, Ciskei calm amidst the storm, consumers get savvy, environmentalists clean up their act . . .

Life & Liberty

44 ***Assault on the Passions***
Tibor R. Machan
From Plato to Richard Gere, good, clean sex has gotten a bad, bad press.

The Book Case

46 ***The Drumbeat of Revolutionary Power***
Karl Hess
Fire from the Mountain: The Making of a Sandinista, by Omar Cabezas

Campesino: The Diary of a Guatemalan Indian, translated and edited by James D. Sexton

48 ***Is Illiteracy an Establishment Conspiracy?***
David Brudnoy
Illiterate America, by Jonathan Kozol

52 ***Making People Equal: Paradoxes Aplenty***
John Hospers
Blacks and Social Justice, by Bernard B. Boxill

6 ***We Read You, REASON Readers***
Up Front/Marty Zupan

11 ***An American Alternative To Sanctions***
Editorial/Robert W. Poole, Jr.

40 ***Go for the Gray***
Taxes/Warren M. Salomon

42 ***Epicurean Entrepreneur***
Spotlight/John Dentinger

58 ***If We're Serious About Weapons Waste . . .***
Viewpoint/Dina Rasor

8 ***Letters***

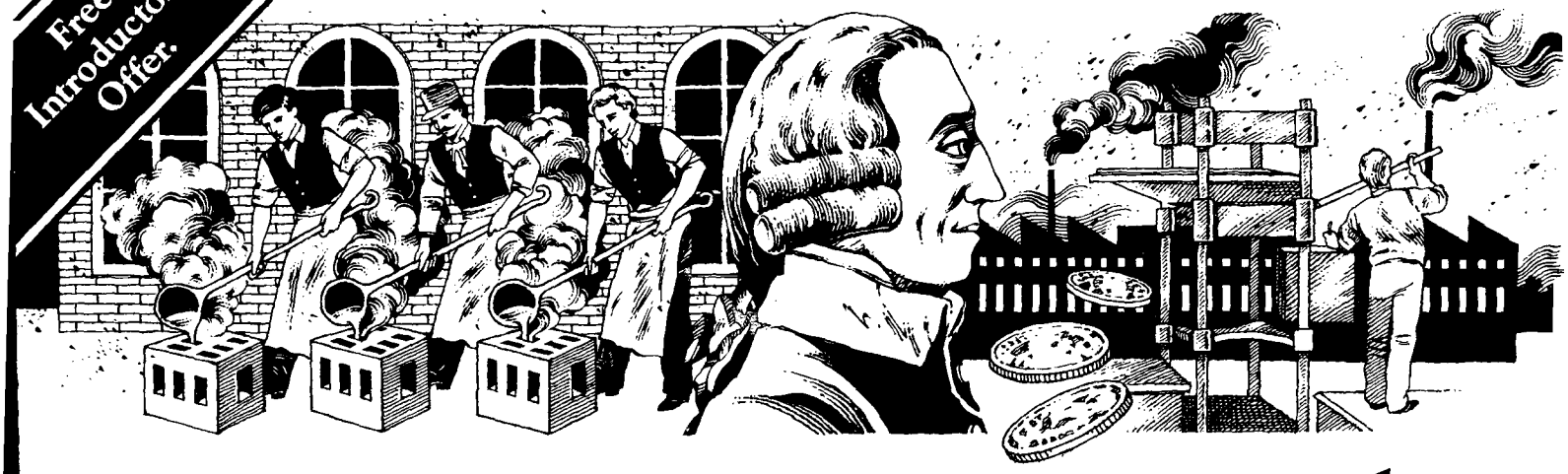
13 ***Brickbats***

54 ***Rudebarbs***

Cover illustration by Myron Grossman

REASON *(ISSN 0048-6906) is published monthly except combined June/July issue by the Reason Foundation, 1018 Garden St., Santa Barbara, CA 93101. Second class postage paid at Santa Barbara and additional mailing offices.* ***Postmaster:*** *send address changes to REASON, Box 27977, San Diego, CA 92128.* ***SUBSCRIPTIONS:*** *$24.00 per year. Outside United States add $8/year for surface; $36/year airmail. Payment from Canada: US dollar postal money orders only.* ***CORRESPONDENCE:*** *Send* ***new subscriptions*** *and* ***address changes*** *(include address label and new address) to REASON, Box 27977, San Diego, CA 92128 619/485-9623 or 566-6947. Allow six weeks. Send* ***manuscripts*** *(for return, include SASE),* ***letters*** *and* ***classified ad orders*** *(with payment) to REASON, BOX 40105, Santa Barbara, CA 93140-0105. 805/963-5993.* ***COPYRIGHT © 1985*** *by the Reason Foundation. All rights reserved. Reproductions or use, without permission, of editorial or graphic content is prohibited. Opinions expressed in signed articles and columns do not necessarily represent the views of the editors or of the trustees, officers, or advisory board of the Reason Foundation. REASON is a registered trademark owned by the Reason Foundation.*

Free Introductory Offer.



Listen to Adam Smith.

His Ideas are in the News.

In 1776, Adam Smith published **The Wealth of Nations.** He had some surprising ideas about free trade, protectionism, and the role of government in the economy—all controversies in today's news. For over 200 years, Smith has influenced our ideas about how our economic world works.

The provocative and persuasive ideas of Smith and others have been gathered into a collection of professionally produced audio tapes. Significant excerpts from each work are included, but these tapes are far more than a mere reading. The Audio Classics discuss the authors, their ideas, and the historical conflicts that inspired their work. A dramatic format brings the classics to life, making them entertaining as well as informative.

A New Way to Broaden Your Mind.

All you have to do is listen in the time you might have wasted. If you spend 20 minutes a day in your car, you have time to listen to the ideas of Jefferson, Marx, Thoreau and others. Put a cassette into your player and learn, any where and any time. The Knowledge Products Audio Classics Series can become a mobile seminar.

30 Day Free Trial

Send for your first set of tapes—Common Sense by Thomas Paine and the Declaration of Independence by Thomas Jefferson. Try them free for 30 days. After your first payment, we'll send you a new set of tapes approximately every 30 days, 24 cassettes in all. You'll pay only $14.95 per month plus shipping and handling.

Guaranteed To Increase The Knowledge You Use Daily.

This 'age of information' in which we live is not necessarily the age of wisdom. The Audio Classics Series is designed for those who recognize that great thinking will enrich their lives and make them more successful—today.

There is absolutely no risk to you. This is the Knowledge Products guarantee: return the first package of tapes within 30 days, and you owe nothing. If you should become dissatisfied at any point in the series, cancel and receive a pro rata refund for the tapes you haven't received.

The Complete Audio Classics Series

1. • COMMON SENSE
   • DECLARATION OF INDEPENDENCE
2. • CIVIL DISOBEDIENCE
   • THE LIBERATOR
3. • WEALTH OF NATIONS (Part 1)*
4. • WEALTH OF NATIONS (Part 2)*
5. • THE COMMUNIST MANIFESTO
   • THE SOCIAL CONTRACT
6. • THE PRINCE
   • DISCOURSE ON VOLUNTARY SERVITUDE
7. • ON LIBERTY
   • VINDICATION OF THE RIGHTS OF WOMAN
8. • REFLECTIONS ON THE REVOLUTION IN FRANCE
   • RIGHTS OF MAN
9. • LEVIATHAN*
10. • THE FEDERALIST PAPERS*
11. • TWO TREATISES OF GOVERNMENT*
12. • DEMOCRACY IN AMERICA*

**One title in a two-tape set*

For telephone orders, call toll free
1-800-453-9000 Ext. 150

THE KNOWLEDGE YOU NEED IS NOW ON TAPE.

Try the Audio Classics Series at No Risk. Cancel within 30 days if not satisfied.

☐ Send me the first two tapes, Common Sense and the Declaration of Independence. I understand that the balance of 22 tapes will arrive in sets of two approximately every 30 days.
I will pay $14.95 per month plus shipping and handling.

- ☐ **Bill me monthly.**
- ☐ **Bill my company monthly.**
- ☐ **Bill each monthly charge to my credit card.**

__Mastercard __Visa
__American Express
Acct. # _____
Expires on: _____

Signature: _____

☐ Send your free brochure for more information.

Name _____
please print clearly
Address _____

State, Zip _____

Phone Number _____

KNOWLEDGE PRODUCTS

120 Tremont Street, Boston, MA 02108
© Knowledge Products 1985 RS 150

up front

We Read You, REASON Readers

Well, we tried it, and we didn't like it. Back in mid-'85 when we redesigned the inside of the magazine, we decided to drop our Editors' Notes department as such and append any missives to our readers to Editorials. But it just hasn't felt right. No longer a department, notes from the editor about the magazine itself and the editors and whatnot have been neglected in the last-minute rush to put together each issue.

So we've decided to resurrect the department and have it lead off each issue—hence the heading, Up Front. We'll try to keep you posted on interesting behind-the-scenes info—how we decided to cover a certain issue, for example, or difficulties encountered along the way; achievements recognized by our media colleagues; puzzling or amusing things that come across our desks as editors.

Let us know what you think of it—and of other features in the magazine. We like to hear from you readers out there, even if we're too busy to take phone calls. (Please, no chats! Drop us a line; that, we can pay attention to as our schedule allows.)

And speaking of hearing from you readers: As some of you know, we from time to time conduct a survey of a random sample of REASON subscribers. All magazines do it, partly to assemble up-to-date information about readers for potential advertisers. And of course, editors being what they are, we always throw in some questions about how you like features of the magazine and so on, so that we can have some idea how we're doing with the product we labor over.

Counting subscribers, you're some 30,000 strong. On average, you share your issue with 1.6 other people. Then there are 2,000 or so newsstand buyers each month now. So, we figure REASON gets into about 80,000 pairs of hands each month, leaving libraries, doctors offices, and so on out of the picture.

Judging by the survey respondents, over half of you (55 percent) fall into the 25-to-44 age group. Almost all of you—or at least those who grab the REASON survey out of the mail and fill it out—are male (89 percent). Three-quarters of you have an undergraduate degree or more. Nearly two-thirds, and about 40 percent of spouses, have professional/managerial jobs. And here's an interesting number: a full 33 percent of you own your own company, either as sole owner or partner. Entrepreneurs, anyone?

RICHARD DOWNS

You and your spouses are well represented in the fields of engineering, health services, data processing, teaching, manufacturing, and sales. Over half of you use a computer at work. Your average household income is $52,000. More than half of you own your own home, invest in stocks and money market funds, or have IRAs. Another interesting bit of data: 40 percent own gold or silver. Do we know something the Fed doesn't?

Asked to check the category that best describes one's political/social views, 62 percent went for that growing category the pollsters are even noticing: libertarian. Another 23 percent are more comfortable with the "conservative" description, and the rest of you are "liberal," "moderate," or "other."

Looking for a little more information, we listed several issues and asked for a position. Here's how it came out:

	Support	Oppose	Undecided
Nuclear freeze	19%	64%	17%
High Frontier/ Star Wars	71	13	16
Ban on all abortions	14	73	12
Balanced-budget amendment	79	10	12
Ban on "adult movies" on cable TV	10	80	11

This probably won't surprise a lot of you, given that you read a magazine of ideas like REASON, but you tend to be quite involved in the world around you—much more involved than the average American. As you can see from the following, you're leaders in your communities:

	REASON	National
Actively worked for civic or social cause	32%	5%
Actively worked for political party or candidate	27	3
Addressed a public meeting	29	6
Wrote to a public official	54	7
Wrote letter to editor	34	4

In addition, it seems that REASON readers contribute to a charity at the rate of 81 percent and to an environmental group at 15 percent. And 30 percent do volunteer work. So much for the "hard-hearted or heartless" rumors about individualists.

In large numbers (75 percent or more), you like to read Trends (apparently REASON's most popular feature, "often read" by 80 percent, "never read" by 0 percent); Brickbats; Editorials; and investigative and cover stories. Still-popular ("often read" by 50 to 74 percent) are our one-page columns, public-policy articles and think pieces, Life & Liberty essays, and letters to the editor.

That leaves book reviews (it sounds like a school assignment, doesn't it?—that's why we've changed the department name to The Book Case), which 41 percent "often read" and 51 percent "sometimes read." That's still not bad; after all, not everyone needs to like everything in every issue of a multi-faceted magazine. Besides, we bet readers like the section more now that it's laid out more appealingly. Say it's so!

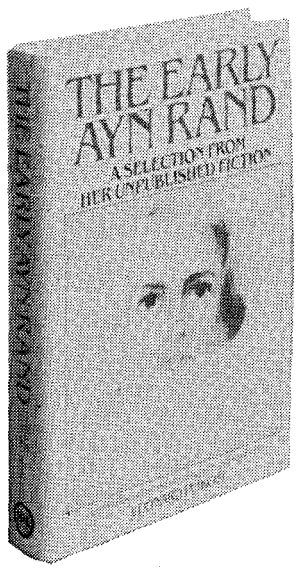
But never let it be said that we're not Up Front about who our readers are.

—Marty Zupan

REGULARLY $16.95
NOW ONLY $9.95

UNPUBLISHED WORKS OF A LITERARY LEGEND

THE EARLY AYN RAND



With the publication in the late 1940s and the 1950s of such superlative, mature works of fiction as THE FOUNTAINHEAD and ATLAS SHRUGGED, author Ayn Rand became a literary legend in her own time. Since then, millions of readers the world over have applauded her uplifted vision of man, admired the luminous clarity of her Objectivist philosophy, and been awed by such universal and idealistic protagonists as Howard Roark, Dagny Taggart, and John Galt. Yet, as late as 1926 Ayn Rand was only a young Russian immigrant in America struggling with her first short story in English. What were the intervening steps in Rand's astonishing development as a thinker and writer? THE EARLY AYN RAND: *A Selection from Her Unpublished Fiction,* edited and with an introduction and notes by Leonard Peikoff, offers unique insights into the beginnings of Rand's ideas and powerful prose style.

Leonard Peikoff, Rand's associate for 30 years, has put together this anthology of works culled from unpublished short stories, novel manuscripts, and plays. THE EARLY AYN RAND spans the most critical and formative decade of Rand's career — from her first beginner exercises, to rare excerpts cut from the original manuscripts of such celebrated books as WE THE LIVING and THE FOUNTAINHEAD.

Also included are:

**From the '20s*

— **"The Husband I Bought,"** a short story on the theme of unrequited love

— **"Good Copy,"** an exuberant adventure story

— **"Escort,"** another early short story

— **"Her Second Career,"** a satire of Hollywood.

**From the early '30s*

— **"Red Pawn,"** the dramatized synposis that was the basis for Rand's first screenplay, set on a Russian prison island.

— **"Ideal,"** a three-act play about a famous and glamorous movie actress tortured by the world hypocrisy.

**And from the late '30s*

— **"Think Twice,"** a philosophical murder mystery.

Peikoff, in his extensive introduction and commentary, places each of these within the context of Rand's oeuvre and life.

***The New York Times* called Ayn Rand, "...A writer of great power. She has a subtle and ingenious mind and the capacity of writing brilliantly, beautifully, bitterly...." With over 15 million copies of her works in print, Rand has captivated generations of readers.**

THE EARLY AYN RAND is a must for all students and connoisseurs of Rand's literature and philosophy.

"Give this book as a gift, devour it out of pure greed, or buy it for the sexiest photograph of Ayn Rand ever taken (printed on the back of the jacket). It is not to be missed."—Roy A. Childs, Jr.

The Early Ayn Rand: A Selection from Her Unpublished Fiction, regularly $16.95, is available in the handsome hardcover edition *ON SALE FROM LAISSEZ FAIRE BOOKS FOR ONLY $9.95.* **Order your copy today at this special price** ***while supply lasts!***

Order AR0157 (hardcover) $9.95.

LAISSEZ FAIRE BOOKS, Dept. R601, 532 Broadway, New York, NY 10012

☐ Please send me _____ copies of *The Early Ayn Rand* for only $9.95 each, plus $1.00 postage & handling ($2.00 for foreign orders).

☐ Send me your catalog of 623 books on liberty.

☐ My check or money order is enclosed for $_____.

Name_____

Address_____

City _____

State/Zip _____

ORDER TOLL FREE
1-800-238-2200, ext 500
Continental U.S.
24 hours a day
7 days a week

MONEY BACK GUARANTEE. If for any reason you are dissatisfied with any book, just return it within 30 days for a refund.

letters

It's Totalitarians Who Love a Man In a Uniform

James Payne's "Marxists: They Love a Man in a Uniform" (Oct.) does a service by developing an association that many in the peace movement should be more aware of. Many analysts, including myself, have noted the relation in passing, but as far as I know the point has not previously been developed as fully (although one might look at the work of Prof. Rudolph Rummel at the University of Hawaii). A difficulty with any analysis of this kind is in the definition of variables. I would question, for example, considering Iraq and Syria "Marxist," as Payne does, certainly when he excludes Libya from the Marxist group.

Payne establishes the case that Marxist states have many more people under arms than non-Marxist states. In his terms, Marxist regimes have a much higher force ration than non-Marxist regimes. The author then compares force ratios with degrees of freedom or dictatorship as defined by the civil liberties rating in the annual Comparative Survey of Freedom that I do for Freedom House. Again he finds a direct relationship between degrees of dictatorship and force levels. But he also finds that non-Marxist dictatorships have much lower force ratios than Marxist regimes. From this "anomaly" Payne concludes that the noncommunist states to which I give low civil liberties ratings are actually "freer" than communist states given similar ratings. He believes that I must be misled because in their international reporting the media tend to ignore denials of "quiet freedoms."

Let me suggest that the "anomaly" he finds is due to rather different definitions of "dictatorship." The Survey ratings for civil liberties are based on a variety of "freedoms," but explicitly emphasize those freedoms that are most closely related to the political process. There are some ways in which many Marxist regimes are less free than other dictatorships, and conscription is one of them; there are also ways in which many non-Marxist regimes are less free than Marxist ones (consider the situation of women in Saudi Arabia, for example). In spite of many freedoms in Guatemala not enjoyed in most Marxist states, it would be much safer to be a suspected member of the opposition in Poland or Hungary or several other Marxist states in the last few years than in Guatemala—or a few years ago in Argentina and Uruguay.

The Survey of Freedom is not a survey of levels of totalitarianism, although we have pointed out that such a survey would be useful. By relating force ratios to levels of totalitarianism rather than Marxism, Payne could certainly include Libya and Iran along with the Marxist states, and perhaps Iraq and Syria. Since he would find that the less totalitarian Marxist states would tend to have lower force ratios, he should discover a much stronger correlation than he now finds with Marxism.

Raymond D. Gastil
Freedom House
New York, NY

Math and Militarism

James L. Payne's analysis is mathematically fuzzy for two reasons. First, Payne failed to adjust force ratios where countries have invited troops to assist in their defense. Take the case of West Germany, for example. Payne calculates its force ratio (the number of full-time, active-duty military personnel per 1,000 population) as 7.8. But if adjustment is made for the presence of about 120,000 US troops in that country of 60 million, then its force ratio increases to 9.8. Payne has therefore underestimated the force ratio of all countries in Europe and Southeast Asia with US troops present.

Further, considering that US troops in Europe and Southeast Asia are accompanied by additional US dollars spent in those host countries, the adjusted force ratio (and Payne's error) will increase even more. Of course Payne's errors in calculating the force ratios of US allies are also present in his calculations of Soviet allies' force ratios.

Second, Payne failed to weight countries for size. He gives the force ratio of mainland China (4.3) and Nicaragua (27.8) equal weight in calculating the

reason

Editor and Publisher Robert W. Poole, Jr.
Editor-in-Chief Marty Zupan
Senior Editors Manuel S. Klausner, Tibor R. Machan
Managing Editor Eric Martí
Assistant Editor Bill Kauffman
Book Review Editor Lynn Scarlett
Art Director Laura Main
Assistant to the Editors Lucy Braun

Contributing Editors
Doug Bandow, Bruce Bartlett, Tom Bethell, Samuel Blumenfeld, David Brudnoy, Joe Cobb, Timothy Condon, James Dale Davidson, Thomas Hazlett, Michael McMenamin, Alan Reynolds, Jeff Riggenbach, Peter Samuel, Thomas Szasz, William Tucker, Walter Williams

Foreign Correspondents
Tahsin Alam — Bangladesh
Stefan Blankertz — West Germany
Otto Brons-Petersen — Denmark
Fred Dekkers — Belgium
Theo. E. Brenner — Switzerland
Bruce Evoy — Canada
Enrique Ghersi — Peru
Ole-Jacob Hoff — Norway
Hubert Jongen — The Netherlands
Henri Lepage — France
John C. Loulis — Greece
Leon M. Louw — South Africa
Julio Marquez — Mexico
Antonio Martino — Italy
Toshio Murata — Japan
M. Perez — Spain
José Italo Stelle — Brazil
Eben Wilson — Great Britain
Oded Yinon — Israel

Departments
Mark Edward Crane — Brickbats
John Dentinger — Spotlight
Randall K. Hyikema — Rudebarbs
Warren M. Salomon — Taxes
Mark Skousen — Investments
Robert W. Poole, Jr., Lucy Braun, Bill Kauffman, and Eric Martí — Trends

Advertising Director Rob McGee
Director of Public Affairs Kelly Ross
Circulation Manager Jacqueline Earnshaw
Office Manager Shelly Perry
Administrative Assistant Monica Arellano

Graphic Production The Production Line
Typesetting Jean Graphics

ADVERTISING SALES OFFICES

Santa Barbara Rob McGee, 1018 Garden St., Santa Barbara, CA 93101, 805/963-5993

New York Thomas F. Kenny & Associates, 114 East 32nd St., Ste. 1406, New York, NY 10016, 212/683-0570

letters

mean force ratio (13.3) for all Marxist countries. If Marxist countries' force ratio were weighted according to population, the mean would drop from 13.3 because of China's relative large size.

Bernard Baltic
Lakewood, OH

Losing Our Composers

Kyle Rothweiler has written a thought-provoking essay about Igor Stravinsky, "Fabulist of Evil" (November). Rothweiler quite rightly, in my opinion, focuses upon *Rite of Spring* as the quintessential comment by the late émigré Russian composer upon the emergent bestiality of the 20th century.

Perhaps another way of putting it would be to say that the breakdown of the "Victorian Synthesis" was already well under way by the time of *Rite*'s composition (1913, or one year before the start of the Great War). Already, too, those sensitive *lumières* of France—poets, painters, musicians—had hit upon the same essence of the new modernist spirit. One group of artists even called themselves The Wild Ones (Les Fauves).

It is, in fact, difficult, when we look at intellectual currents at the end of the 19th century, to determine whether Stravinsky was expressing a *fin de siècle* trend of the 1890s or anticipating emergent violence, as typified by Bolshevism, seated in the new 20th century.

Whichever, Stravinsky did not stand alone in his summation or his prediction. In fact, fully as much as West Europeans, pre-war and pre-Revolution(s) Russian intellectuals and artistes caught the spirit of both "events": the collapse of Victorian presuppositions and standards, and the onset of amoral and immoral totalitarian bestiality.

Albert L. Weeks
New York, NY

Music to My Ears

I look forward to reading Kyle Rothweiler's book on modern music, if it is anything of the caliber of his Life & Liberty essay on Stravinsky (Nov.). His seminal analysis of *The Rite of Spring* has the kind of serious, three-dimensional perspective missing from today's newspaper music columns and journals, which as a rule leave one wondering what is being discussed—performances, or music. Rothweiler does appropriate violence to a work that assaults the ear and mind with senseless brutality.

However, I have one good word for Stravinsky, whose body of work I otherwise have no use for. I recommend *The Pastoral*, which he wrote in 1908 at the age of 26, and stress that the only worthwhile recording of it (that I know of) is that of the Royal Philharmonic Orchestra, conducted by Leopold Stokowski. It has a relaxing melody, and at times it can be the perfect nightcap to a long hard day.

Edward Cline
Palo Alto, CA

Disney Debauchery? You Got to Be Kidding

I hope Calvin Levy doesn't bite his tongue-in-cheek on his next ride at Disneyland ("The Shocking Truth about Walt Disney," Oct.). You'd have to be on a witch hunt—correction—*devil* hunt to see what he sees in Walt's world.

Steven Zieg
Anaheim Hills, CA

Wait a Minute— This Is Serious!

Re "The Shocking Truth about Walt Disney" (Oct.): I just returned from a four-day "vacation" at Disneyworld and EPCOT Center (DEC) in Florida. What I saw and experienced there was, to say the least, appalling.

Most of us associate the name Disney with visions of wholesome and innocent cartoons and movies. How wrong we have been! After seeing the Florida charade of plastic, polished aluminum and advanced robotics, my wife and I feel we have been duped by a bunch of almost subversive con men (and women). Please allow me to elaborate somewhat.

Within a few hours of our arrival at DEC, we were discussing the fact that the grotesque images and the values being

Communicate with REASON, Box 40105, Santa Barbara, CA 93140. We appreciate receiving your letters typed double-space and limited to 200 words. Letters sent to REASON will be considered for publication (unless otherwise noted) and may be subject to abridgement or editorial comment.

Learn German On Your Own!

Not just a phrasebook, but a *real* language course! More than 21 hours of recorded material make this unique self-instructional cassette/book course a truly effective way to learn German.

The course consists of a series of cassettes recorded by *native* German speakers, and accompanying textbook. You'll learn to speak German the way you learned English – by listening and repeating. It's easy, and takes only 25 minutes a day. Your cassette player becomes your "teaching machine." You learn where and when you want to, and at your own pace.

The course was developed by the Foreign Service Institute to train U.S. State Department personnel. In addition, it has been used successfully by thousands of our mail-order customers.

Packaged in handsome vinyl binders, the course is available in two parts. Order either, or save 10% by ordering both:

☐ **Volume I: Basic.** 10 cassettes (13 hr.) and 647-p. text, $135.

☐ **Volume II: Intermediate.** 8 cassettes (8 hr.) and 179-p. text, $120.

(CT residents add sales tax)

Phone orders call toll-free: **1-800-243-1234**

To order by mail, clip this ad and send with your name and address, and a check or money order – or charge to your credit card (VISA, MasterCard, AmEx, Diners) by enclosing card number, expiration date, and your signature.

Try it for 3 weeks at no risk — we promise prompt refund if not completely satisfied. We offer courses in 42 languages; send for free catalog.

AUDIO-FORUM®
Room X 11, 96 Broad St., Guilford, CT 06437

Swiss Nest Egg?

Every prudent American needs a private nest egg in Switzerland, safe and secure no matter what happens to the U.S. economy.

A simple survival step, but a crucial one. With the U.S. economy threatened by a sick banking system, a credit bubble about to burst and deficit spending running out of control, now is the time to make your Swiss connection.

Since 1977 we have introduced thousands of Americans to selected Swiss banks and Swiss managed investments. Our informative step-by-step report, "The Swiss System" will take the mystery out of getting started with your confidential Swiss survival strategy. $25 postpaid from:

SWISS INVESTMENT COUNSELLORS
15 Oakland Ave., Dept. 323
Harrison, N.Y. 10528

projected almost everywhere at DEC were contrary to what we desire to expose ourselves or our children to. Over and over the exhibits and displays glorify the materialistic, the scientific, and the humanistic-secular approaches to life. Not once did we hear the words divine or God or the fact there is more to life and the future than science. Any divine ideals or ideas were missing. The underlying message seemed to be that man is in control or can control everything—even death and his destiny and that we should enjoy today all we can with as little work as possible—the hedonistic philosophy.

We had been told by others who preceded us to DEC that we must see the China Pavilion. What I saw was pure propaganda designed to make China look like a paradise. It was geologically interesting but was without substance. It was deceptive and designed to evoke emotions of empathy with the communist approach to life. Taiwan, of course, was not mentioned since it has some freedoms and no communist revolution.

I am thinking seriously about producing and distributing a bumperstrip that says *Boycott Epcot.*

Herald E. Thomas
Germantown, MD

Randian Rockers

With all of the recent articles in REASON on rock stars who seem to be turning to individualistic lyrics (Bruce Springsteen, Steven Van Zandt, and Prince), it is time to set the record straight, so to speak.

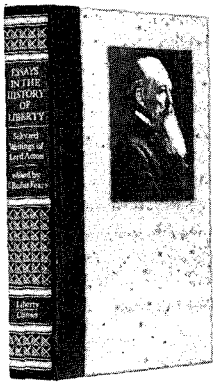
While all of these artists have *recently* turned to lyrics of this nature, one band has been around for eleven years doing far more libertarian-individualist stuff than this. In addition they have a much more intellectual approach than the lower-middle class style of The Boss and Little Steven and Prince's mindless hedonism. The band in question is Rush, and REASON readers may wish to familiarize themselves with the band.

Their musical style is hard rock, not heavy metal. It is also in the neo-Romantic style of many of the progressive bands of the '70s (Genesis, Yes, and Emerson, Lake, and Palmer, for example). The band has written songs entitled *Anthem* (after Ayn Rand's novella of the same name), *(You Can't Get) Something for Nothing, Free Will, Witch Hunt,* and *A Farewell to Kings.* Lyricist-drummer Neil Peart's subject matter covers economics, philosophy, ethics, aesthetics, and social commentary in an adult and classy style. Foremost among their music is their 20-minute suite *2112,* the story of an individual's revolt against an oppressive society, which is based on and dedicated to Rand's *Anthem.*

For eleven years they have fought for critical recognition and radio play in a music industry that thinks that...any band without make-up, violent videos, and sexist lyrics isn't worth playing. Rush have maintained their artistic integrity despite the ever-present pressure to stick to what works. They have also avoided the destructive lifestyle of many rock stars and they all have (gasp!) families, which come first, even before their music. Rush is a living example of what a group of people can do if they continually apply and uphold the principles that they believe in.

Steven Horwitz
Fairfax, VA

LibertyPress
LibertyClassics



SELECTED WRITINGS OF LORD ACTON
VOLUME I
ESSAYS IN THE HISTORY OF LIBERTY

By John Emerich Edward Dalberg-Acton
Edited by J. Rufus Fears

Lord Acton was among the most significant figures in the intellectual life of Victorian England. His enormous erudition won him the admiration of Gladstone and led to his election to the Regius Professorship of Modern History at Cambridge.

Acton wrote many essays, reviews and letters which reflect his great learning and his deep concern with liberty as the central concept for the understanding of history.

Liberty*Classics* is publishing a three volume series of *Selected Writings of Lord Acton* under the editorship of Professor J. Rufus Fears. The first volume contains material related to three of Acton's leading interests: the history of liberty, the particular contribution made by England and America to the course of liberty, and the effect on liberty of contemporary European political developments.
558 + xxx pages.
Forward, index.
Hardcover $15.00, 0-86597-046-7
Softcover $ 7.50, 0-86597-047-5

Prepayment is required on all orders not for resale. We pay book rate postage on prepaid orders. Please allow 4 to 6 weeks for delivery. *All* orders from outside the United States *must* be prepaid *in U.S. dollars.* To order, or for a copy of our catalogue, write:
Liberty*Press*/Liberty*Classics*
7440 North Shadeland, Dept. P119
Indianapolis, IN 46250

An American Alternative To Sanctions

Robert W. Poole, Jr.

Political sophisticates are currently engaged in a showdown over economic sanctions. Liberals have won their battle to get the Reagan administration to impose sanctions against the repressive regime in South Africa. And conservatives have won their fight to have the administration do likewise against the repressive regime in Nicaragua. Each supports its own sanctions program as morally obligatory and denounces the other's as naive and ineffective.

Curiously, at the same time as this war of words is being waged in New York and Washington, out in the rest of America people have a different view. Americans abhor South African apartheid and want to see it ended. But by large majorities they oppose US government attempts to *force* this to happen.

For example, a 1985 Louis Harris poll for *Business Week* found that Americans oppose a government ban on US bank loans in South Africa by a 51-to-41 percent margin. A ban on all new business investment there by US firms is opposed 54 to 39 percent and a full trade embargo, 66 to 29 percent. A forced withdrawal of US firms is opposed by 76 percent and favored by only 18 percent. Interestingly, polls show similar opposition to imposing sanctions and embargoes against Nicaragua.

It is clear that most Americans do not view these foreign-policy issues in the same ideological terms as do the experts and opinion leaders. Repressive governments, left *or* right, are deplorable, they agree. But let's *us* stay out, mind our own business, and not try to solve all the world's problems. We're unlikely to know how, anyway, and the danger of getting sucked into a shooting war is very real. The memory of Vietnam, where noble intentions led to a terribly costly quagmire, still burns very brightly in our memories.

This plague-on-all-their-houses sentiment is dismissed as naive and simplistic by those in the business of making foreign policy. But is it really? In a recent paper for the Washington-based Cato Institute, historian Ted Galen Carpenter presents a sophisticated case for precisely the policy preferences of grassroots Americans, which Carpenter characterizes as "benign detachment." Our government, says Carpenter, should maintain diplomatic relations and encourage full trade relationships with *all* other governments. But it should evenhandedly refrain from attempting to control and manipulate outcomes, whether by foreign aid or by meddlesome "human rights policies" à la Jimmy Carter.

There are three mainstream arguments for active interventionism of the kind favored by political sophisticates: strategic, economic, and ideological. But all of them are weak needs on which to hang worldwide intervention.

The *strategic* argument asserts that America has vital strategic interests all over the globe. Repressive right-wing regimes that are "pro-Western" must be courted as part of a strategy to protect those interests.

It's often not clear, however, what those "interests" really are. Is the Philippines truly the *only* place in the western Pacific where air and naval bases can be located? Wouldn't some other countries eagerly bid for the myriad jobs (pegged at 39,000) generated by those bases? And unless the Yankees have forever alienated the democratic opposition—for example, by embracing a Ferdinand Marcos as the only alternative to communism—why assume that a successor regime would be our enemy? In the past 15 years a number of right-wing dictatorships have been overthrown and replaced by *democratic* governments—Argentina, Brazil, Portugal, and Spain, to name a few.

The *economic* argument says that we must prop up dictators so that we won't be cut off from vital resources by leftist or communist successor regimes. This argument simply ignores some of the major events of recent history. It was our allegedly pro-Western friends—Iran and Saudi Arabia—that engineered the destructive OPEC oil-price hikes and embargoes in the 1970s. And our communist enemies Angola and China, far from cutting us off, have eagerly rushed to sell the West oil and consumer products, respectively, as long as such trade has been allowed.

People engage in trade because it is in their economic interest to do so—regardless of ideology. And with world markets, it is virtually impossible for a government to selectively keep something out of some countries' hands while selling it to others. The "others" have every incentive to turn around and sell it to the highest bidder. Only in exceptional circumstances can governments successfully use trade as a weapon; even the OPEC cartel is now on its last legs.

Finally, the *ideological* argument makes the point that authoritarian regimes are less bad than totalilitarian ones and so should be favored in trade arrangements and military support. At least the former often permit private property and sometimes a semi-free press and quasi-independent judicial system.

That's true, as far as it goes. But should the government of the United States lend its moral support to brutal regimes that torture and kill? In the worldwide battle of ideas and ideologies, to do so is to abdicate the moral high ground, handing the thugs of the world an easy propaganda target. Far better to denounce even-handedly repressive regimes of both the right and the left,

championing only the forces of freedom.

Consider what might be the results of applying such a policy of benign detachment. Rather than seeking to prop up (*or* to destabilize) such creatures as the Shah of Iran, Anastasio Somoza, and Ferdinand Marcos; rather than slapping embargoes on trade with Cuba, Nicaragua, or South Africa—rather than engaging in such petty intervention, what if our government simply maintained formal diplomatic relations and *encouraged* trade and tourism?

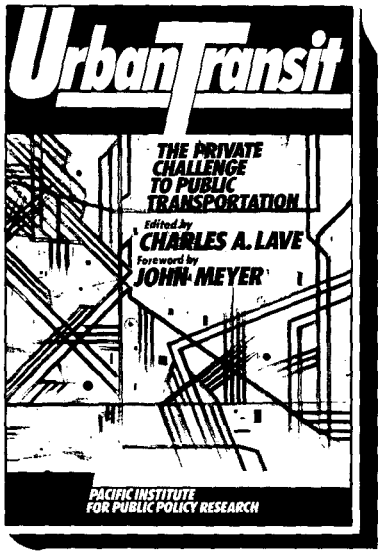
Dare we imagine the impact of thousands of American investors and millions of American tourists in Cuba and South Africa, bringing American political and cultural values with them? It is widely acknowledged that US firms have been a major force against economic and social discrimination in South Africa. How much more could be accomplished by large-scale interaction with ordinary Americans? Wherever we go, we bring our culture along with us—our abiding individualism (disregarding race and class), the work ethic, diversity and choice, and tolerance of others' views and lifestyles. American music, movies, TV shows, and consumer products are powerful implicit expressions of these values...which add up to one thing—freedom.

Reinforcing that message would be the rest of the "benign detachment" policy—no meddling, no aid programs, no sanctions; simply an exposure of the "offending" country to the mainstream of Western culture, such that its repressions would be sharply contrasted with the virtues of freedom and individualism.

Of course, for that very reason, the regimes that hold the reins of power in such countries as Cuba and Nicaragua would doubtless find Americans' presence unwelcome. But then the burden of denying to their people the benefits of trade with the United States would fall on those regimes. No more would they be able to paint the hated *Yanquis* the villain when trying to explain away their foundering economies.

Those who make their living out of foreign policy will no doubt attack the benign detachment prescription as "isolationism." Yet how can you call isolationist a policy whose core is greatly expanded *interaction*? In truth, the policy would translate into action the best of American values. As is often the case, on this issue the people are far ahead of their purported leaders. ◻

THE AUTHORITATIVE NEW BOOKS



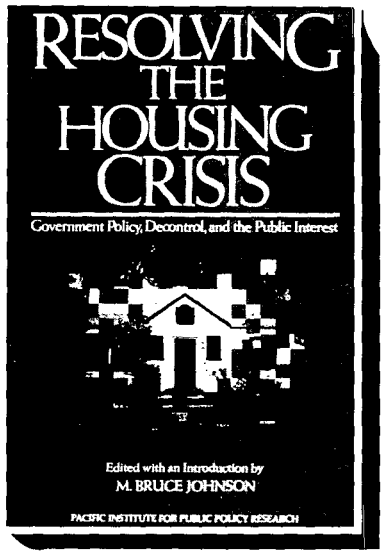
URBAN TRANSIT
The Private Challenge to Public Transportation
Edited by CHARLES A. LAVE
Foreword by JOHN MEYER

Decades of active government involvement in municipal transportation have left many transit systems on the brink of financial collapse, encouraged inefficient service and have insulated management from the discipline of market forces. Consequently, *Urban Transit* focuses on the economics of transit matters, the possible alternative modes of urban transit, and the economic and political problems of implementing changes. Concluding that private, free, competitive market forms of transit would solve these problems, *Urban Transit* is a sourcebook of workable remedies to effect consequential and necessary changes in this increasingly crisis-prone social dilemma.

"Urban Transit *is extremely interesting and indeed a landmark.*"
–MARTIN WACHS
Professor of Architecture and Urban Planning UCLA

"*This is a timely book of profound importance to anyone interested in the future of urban transportation.*"
–RALPH L. STANLEY
Urban Mass Transportation Administration

ca. 354 Pages • ISBN 0-88410-970-4 Paper $12.95
ISBN 0-88410-969-0 Cloth $30.00


RESOLVING THE HOUSING CRISIS
Government Policy, Decontrol, and the Public Interest
Edited with an Introduction by
M. BRUCE JOHNSON
PACIFIC INSTITUTE FOR PUBLIC POLICY RESEARCH

RESOLVING THE HOUSING CRISIS
Government Policy, Decontrol, and the Public Interest
Edited with an Introduction
by M. BRUCE JOHNSON

Across the United States, the problems of housing costs and availability have seldom before been so acute: home ownership has become virtually inaccessible to the average person; construction costs are high and rising; and government restrictions increasingly prevent real estate growth. *Resolving the Housing Crisis* is a comprehensive treatment of the increasingly serious problems in housing and construction. This volume analyzes the underlying contributing factors to the crisis, the responses in land use, housing, and construction policies, and the interaction between the crisis and the legal status of property rights. As a result of this assessment, the authors argue for substantial deregulatory housing and land use reforms.

"Resolving the Housing Crisis" *is a first-rate job.... One of the most inclusive contributions to the literature I have ever had the pleasure of reading.*"
–GEORGE STERNLIEB
Director, Center for Urban Policy Research
Rutgers University

440 Pages • ISBN 0-88410-386-2 Paper $13.95
ISBN 0-88410-381-1 Cloth $26.00

To order, or for a catalog of publications, please write:
PACIFIC INSTITUTE, 177 Post Street, Dept. F4
San Francisco, CA 94108

PACIFIC INSTITUTE
FOR PUBLIC POLICY RESEARCH

quotable quotes

■ The great ambition professed by public school managers is, of course, education for citizenship and self-government, which harks back to Jefferson's historic call for "general education to enable every man to judge for himself what will secure or endanger his freedom." What the public schools practice with remorseless proficiency, however, is the prevention of citizenship and the stifling of self-government. When 58 percent of the thirteen-year-olds tested by the National Assessment for Educational Progress think it is against the law to start a third party in America, we are dealing not with a sad educational failure but with a remarkably subtle success.

—Walter Karp
Harper's, June 1985

brickbats

Apartheid stinks, proclaims Passaic, New Jersey, councilman Wayne Alston. Therefore, he's introduced an ordinance to rename four city streets that have (gasp! shudder!) Dutch Afrikaner names. Pretoria Street, Cornje Place, Steyn Place, and Kruger Place will be no more if Alston gets his way. Of course, Alston never bothered to ask the residents of those streets how they feel about changing their addresses. But he has an answer to those who argue that the streets were named decades ago in honor of the city's Dutch settlers. "It's a moral question," Alston intones. "It's only proper that Passaic residents show their compassion by purging their Dutch roots." Are wooden shoes and tulip gardens next?

Only in California. West Hollywood Mayor Valerie Terrigno says she's going to stay on as head of the city despite her pledge to turn over the mayoralty to Councilman John Heilman. So is this little power dispute headed for the courts? Nope. The issue will be resolved at a weekend group therapy session for all council members at a cost of $4,000 in taxpayers' money. Council members would be urged to talk openly about their goals and pressed to understand the views of other members, says the shrink who's running the weekend encounter meeting. Sorry, but neurotics who *aren't* on the city council have to pay their own way.

The Central Utah Project, an irrigation program begun 20 years ago with an estimated price tag of $332 million, is more than 10 years behind schedule, and its estimated cost has soared beyond $2 billion. The isolated town of Duchesne, Utah, asked the federal government for some financial aid because of the cost to the town of absorbing some 200 employees of the US Bureau of Reclamation. The workers and their families constitute 30 percent of Duchesne's population and live in a federal trailer camp exempt from municipal property taxes. Well, the bureau ruled that it would be illegal to make direct cash payments to the town in lieu of taxes. So the government decided to build a new $450,000 bowling alley to provide recreation. "You ask them for a dam and they give you a bowling alley," complains Rep. George Miller (D-Calif.), chairman of the House Interior subcommittee on water and power resources.

Let them eat cake? West German ecologists are hopping mad at their countrymen for importing 538 tons of frogs' legs annually from Bangladesh, India, and Indonesia. So the National Environmental Foundation has launched a media blitz—complete with TV ads depicting how the poor little froggies are caught, cut up, and eaten—to raise the German consciousness. One supermarket chain uses bags with a picture of a turtle kissing a frog emblazoned on them, and the slogan, "Turtles don't belong in soup, nor frogs on the table." The environmentalists scoff at the notion that countries such as Bangladesh will suffer economically if they are unable to export frogs.

Government Planning 101. First, you construct an office building that no one needs. Then, you charge more than twice as much per square foot of office space as the prevailing rate in town. Finally, you force government agencies to move into the higher-priced building, whether they want to or not. That's what's happened in Milwaukee at the Henry S. Reuss Federal Plaza. Agencies paying $8 a square foot were ordered into the new plaza, where rents cost $20 a square foot. Government apologists concede it may have been a mistake to erect the building, but as long as it's here, the government had damn well better use it.

Everyone hates filling out forms, right? But sailors on the aircraft carrier *USS Kitty Hawk* routinely toss overboard items ranging from desks to radar equipment rather than fill out the paperwork necessary to return surplus supplies, according to a former Navy auditor's statement to federal investigators. The Navy supply system is in such disarray that parts worth millions of dollars are neither checked in as they are received nor accounted for in the ship's records, says Petty Officer 1st Class Robert Jackson. His attorney goes even further. "The system is so sloppy that you can punch a few keys on the computer and get 30 bars of silver," says D. Anthony Gaston.

—Mark Edward Crane

trends

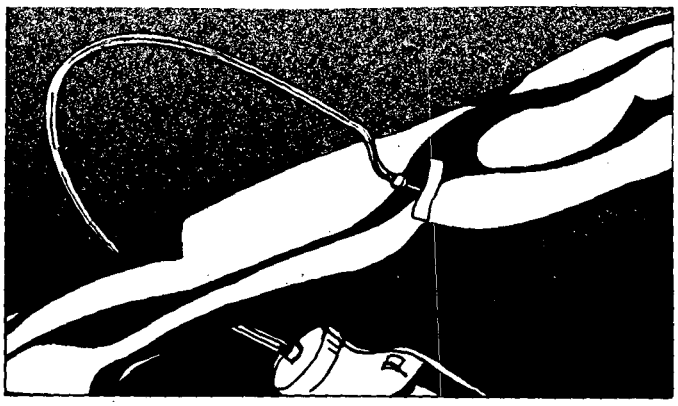
A Moral of the AIDS Story

AIDS hysteria has made clean blood one of the hottest goods around. The result could well be a new recognition that a marketplace in blood donations makes sense.

For over a decade, the conventional wisdom has been that blood is one of those commodities too vital to be left to the free market. But economist Ross Eckert of Claremont McKenna College argues in a recent American Enterprise Institute book, *Securing a Safer Blood Supply: Two Views*, that the federal government's refusal to let the free market work has needlessly endangered the blood supply by discouraging paid blood donations and thus suppressing innovative competition among blood banks.

Back in 1973, the government adopted a National Blood Policy with the avowed goal of achieving an all-volunteer system, rid completely of "commercialism." This would eliminate a supposedly huge problem: commercial blood banks setting up shop in skid-row areas and recruiting drug abusers who wanted the money but were at high risk for hepatitis (then—and still—the biggest threat to blood recipients).

But the federal government didn't have the legal muscle at the time to out-and-out prohibit the buying and selling of blood. So in 1976 the Food and Drug Administration ruled that blood from paid donors would have to carry a label identifying it as paid blood—and hepatitis-risky. This achieved the government's purpose. By



the late '70s, commercial blood banks had been virtually eliminated from the market.

As Eckert points out, however, the crucial factor all along had been not whether blood was paid or volunteered but the rigorousness of screening. Massachusetts General Hospital and the Mayo Clinic had an excellent experience with a combination of paid and volunteer, carefully screened, repeat donors. And when the hepatitis–blood transfusion link was discovered in the '60s, commercial blood banks, spurred by hospital demand for safer blood, had responded by relocating their collection centers to college areas and suburbs and doing more donor screening. But as *Regulation* magazine recently pointed out, "even the sources whose paid blood had a better safety record than volunteer blood closed down" under the government's policy in the 1970s.

The government even took steps to prevent competition among volunteer blood banks by establishing a single blood clearinghouse or consortium for each region. But this removed important incentives for quality improvements.

And then AIDS burst upon the scene. What a difference the stifling of a free market has made can be seen by looking at the parallel market for blood plasma.

In the blood *plasma* market, unlike the *whole-blood* market, commercial firms were not eliminated by the National Blood Policy. And when the AIDS crisis suddenly intensified the demand for safe blood products, they responded by offering higher-quality plasma than their nonprofit counterparts. Eckert reports that for-profit plasma suppliers have been more energetic in targeting low-risk donors; for example, some commercial suppliers make products from the plasma of women only, a group at low risk for AIDS.

Ideally, suggests Eckert, a collection system would maintain a "closed registry" of donors recruited from low-risk groups, highly screened by the latest detection techniques. Their donations would be traceable and donors eliminated from the registry if a transfusion resulted in disease. In contrast, to obtain a given quantity of blood, current volunteer systems rely on a large number of walk-in and once-a-year donors, who pose more risk on average than repeat donors. These systems also solicit blood from some high-risk groups such as hospital workers.

Debate over the safety of America's blood supply began long before the AIDS epidemic. Crusading public-health activists, with the American National Red Cross at the fore, have championed the view that blood is a "community" rather than an "individual" responsibility. That was music to regulators' ears, and they've single-mindedly pursued a corresponding policy. It's too bad it's taking the AIDS nightmare to reveal the high price of that path, but it may at least do that.

Sorry, Tip, But the Tax Revolt Ain't Dead Yet

Remember the tax revolt? Of course you do—you're a taxpayer. And no matter how many times the politicians and pundits pronounce it dead, it keeps popping up, like, they must think, a virulent weed.

Oregon is the latest state to manifest the outbreak. A proposed 5 percent sales tax, fueled by a well-financed campaign and supported by Gov. Victor Atiyeh, recently went down to a whopping 4-to-1 defeat. Governor Atiyeh blamed the voters' attachment to "history and tradition" for their rejection of the state legislature's "hard work." By contrast, State Sen. Ed Fadeley, a prominent sales-tax opponent, rejoiced that "the average citizen, the large number of middle-class taxpayers, and small-business women and men can breathe freer again."

Just south of Oregon, a tax-reform commission appointed by California Gov. George Deukmejian recom-

mended cutting the state's income tax by $875 million and replacing the current progressive tax structure with a modified flat tax (5 percent, with a 5 percent surcharge on incomes over $30,000 for singles and $60,000 for couples). The commission also reversed an earlier recommendation that the state begin taxing groceries, health services, and home utilities and refused to tamper with Proposition 13's limits on property taxes, admitting that this landmark to the spirit of the tax revolt is "so thoroughly ingrained in terms of public acceptance as to be unassailable."

Placing the tax revolt in its historical context was *Wall Street Journal* editorial board member James Ring Adams. Writing in *National Review*, Adams noted recently that "we are in the midst of a perennial phenomenon in American politics. Periods of rapidly rising tax burdens, such as the 1960s and 1970s, provoke reactions against government spending that tend to endure for a generation."

Adams concedes the failure of a variety of tax- and spending-reduction initiatives across the country over the last year, but he points out the extent to which voters in the 1984 elections generally favored candidates who promised to lower or hold the line on taxes. For example, in Connecticut the Democrats campaigned for a new and improved state income tax—and promptly lost 23 seats in the state legislature to the Republicans. Similarly, Independent Republicans in Minnesota won control of the state house of representatives by promising a $1-billion tax cut for 1985-86. And in Washington, Democrats won the governorship and the house of representatives after the state's Republican governor broke a pledge not to raise the state sales tax.

And it's a good thing in more ways than one that the tax revolt hasn't died. As Warren Brookes pointed out in a recent column, from 1970 to 1982, the 10 slowest-growing states raised their personal income taxes by 77 percent, while the 10 fastest-growing states raised theirs by just 22 percent. Though the fastest-growing states generally increased their corporate taxes more than their laggard neighbors, Brookes relays Ohio University economist Richard Vedder's caveat that "among the fast-growing states *both* corporate and individual income taxes are much lower than in the slow-growing states."

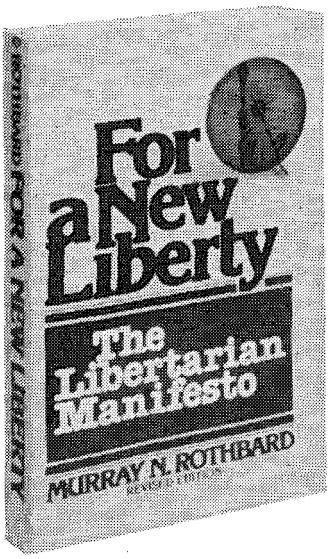
The faces of Howard Jarvis and the other tax rebels aren't plastered all over *Time* and *Newsweek* any more. But American resistance to high taxes continues unabated, strengthened by a new economic consensus that high taxes are inimical to growth. As James Ring Adams warns the taxing politicians, the tax-revolt movement remains "a force on the American scene that cannot be ignored with impunity."

Snickers Eaters Seek Revenge

Food companies and consumer advocates, two groups that have often crossed swords in the past, are

MANIFESTO *(man ə fes'tō) n.* A public declaration of principles.

FOR A NEW LIBERTY:
The Libertarian Manifesto



At a time when political principles are in short supply, *For A New Liberty: The Libertarian Manifesto* stands as the clearest, most comprehensive statement of the principles of freedom. In his own unique style, Murray Rothbard makes the case for liberty and tackles the difficult and complex issues that conventional thinkers never dare to confront. This book is challenging, provocative, and above all, optimistic—a ray of hope for a new society where freedom is reborn. It should be read and read again by all serious lovers of liberty.

ORDER NOW. *USE THE POSTAGE-PAID RESPONSE CARD IN THIS MAGAZINE.*

ONLY $8.95 FROM LAISSEZ FAIRE BOOKS
Order MR0141

MONEY BACK GUARANTEE
If for any reason you are dissatisfied with any book, just return it within 30 days for a refund.

Available from: **LAISSEZ FAIRE BOOKS, Dept.** RO16
532 Broadway, New York, NY 10012

"World's Largest Selection of Books on Liberty"
USE THE ORDER FORM IN THIS MAGAZINE

★ ORDER TOLL-FREE ★
1-800-238 2200 EXT 500
Continental U.S. • 24 hours a day • 7 days a week

TOOLS FOR LIVING®

A COLLECTION OF FIRST CLASS CONTEMPORARY MAILORDER PRODUCTS

Tools for Living helps you separate the best from all the rest. We bring you the tried-and-true along with the new, the classics along with the season's successes. We are committed to products that are truly functional, well-designed, well-made, and give full value for your money. Plus we stand behind everything 100% — the final proof that thoroughness is its own reward.

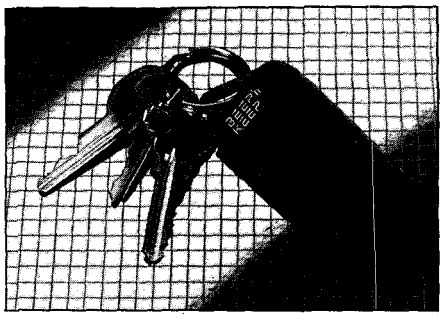
THE ART OF ROWING

The Vitamaster rower is a precision fitness machine designed to give maximum results at home. Rowing is one of the few activities capable of toning, firming and conditioning your entire body while improving aerobic (heart/lung) fitness. Unlike bicycling or running, rowing works all major and most minor muscle groups in your back, stomach, arms, shoulders and legs. The frame is made of durable yet lightweight (just 34 lbs.) 1½" & 1¼" welded steel. The padded vinyl seat tracks effortlessly on sturdy nylon wheels. A single hydraulic tension device is center mounted and adjustable for light, medium or heavy rowing. Everyone can use the Vitamaster rower — men or women, exercise newcomers or long-time enthusiasts. Stand it on end behind a door or in a closet when not in use. It comes to you assembled for only **$119.00** ($10.95) #VMA995.

FOOD FOR WOOD

Most of the convenience waxes you buy actually dry out wood instead of nourishing it. What's the alternative? Our choice is Williamsville Wax. It is made of beeswax and lemon oil, heat-blended with other natural oils in a mixture that is actually absorbed *into* the wood, preventing both dryness and wax build-up. It can be used on any type of wood, any type of finish, as well as fine furniture. Williamsville Wax is super for restoring neglected or mistreated wood. Two 8-oz. bottles cost **$13.00** ($2.95) #A14312.

BEEPER KEY KEEPER

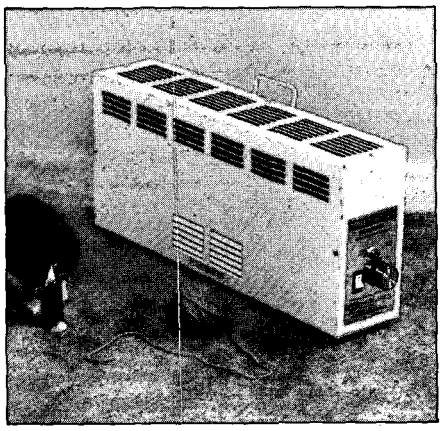


Keys are misplaced more often than any other modern essential. Which results in a lot of frustration and wasted time. Now thanks to Beep 'n Keep your keys can tell you where you put them. Just clap your hands four times and Beep 'n Keep chirps electronically to signal where to find your lost keys. Works up to 30' away. The Beep 'n Keep unit has a tough high-impact plastic case, weights a mere ½ oz., comes with its own key ring, measures only 2½" x 1⅛" x ⅜", and costs **$17.00** ($2.95) #A1429, batteries included. 30-day warranty. It will save your time — and your temper. Order one for every set of keys.

BEATING DRIVER'S BACK

You know Driver's Back, that painful tightening of the lower back muscles that does nothing but get worse as you struggle to get comfortable in a car seat that feels like it has been designed for a being from another planet. You can detour all that discomfort with the Spine Spoiler back support system. It lets you customize the seat to your back, thus relieving strain and providing proper posture control. The beauty of the Spine Spoiler is its fine-tuned adjustability — you can get the position and inflation to exactly the place that is right for you. The 2-way harness works with bucket and bench-type seats (and will also fit most chairs, including office chairs). The air cushion is made of a silky nylon fabric with detachable inflator pump. Deflated it fits easily in bag or briefcase. **$21.00** ($2.95) #A1139.

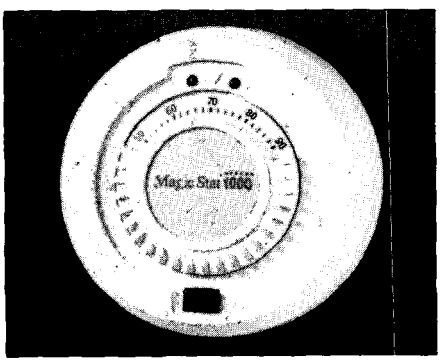
QUICKER HEATER-UPPER



Keeping your thermostat (and your heating bills) down doesn't necessarily mean you'll need to spend the winter shivering from the resulting chilliness. The new Porta-A-Steam heater uses a maintenance-free sealed steam system to get heat flowing where you need it in just 3 minutes. Draws only 1000 watts (compared to 1500 for oil-filled radiators and hot-wire heaters) yet provides room temperatures as high as 80°. Sturdy steel casing remains touchable at all times — no fear of burns or fires. Eminently portable, weighs only 12 lbs., measures 22" x 10" x 4¼". Adjustable thermostat control, continuous fan operation to circulate warm air, safety cutoffs, 1-year warranty. Porta-A-Steam is the sensible supplemental heating alternative. **$69.00** ($10.95) # SEA1398. UL-approved. Ideal around children or pets.

PRE-PROGRAMMED REPLACEMENT THERMOSTAT

The new microelectronic thermostats let homeowners have their cake and eat it too. You can have temperature set-back for economy, but you can also have the house warm and waiting when you get up in the morning or come home in the evening. The MagicStat 1000 is the simplest, most inexpensive way to bring these advantages to *your* home. It mounts to the pre-wired base of your existing round thermostat and offers four pre-set energy-saving programs. Installation requires only a screwdriver. You merely select the activity pattern that fits your lifestyle and decide the amount of temperature adjustment you want. From there the MagicStat takes over and adjusts the thermostat automatically. Works for heating or cooling. Easy override if you need to change the program. Manufacturer guarantees you will more than recover the cost of the unit from first year's fuel savings. The MagicStat 1000 is a surprisingly affordable **$49.00** ($4.95) #A1487.



TOOLS FOR LIVING®

24-HOUR HUMIDIFIER

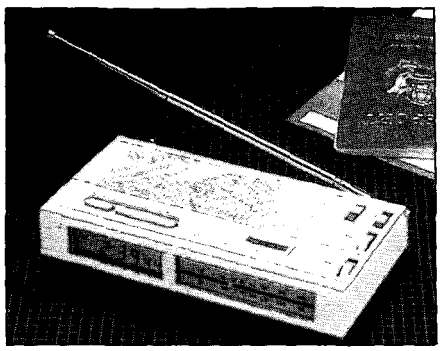
This second generation ultrasonic humidifier doubles your satisfaction because you fill it only half as often — new 2-gallon reservoir allows up to 24 hour continuous operation on a single filling. Of course there are all the standard advantages of this popular new humidifying technology — nearly silent operation, a mist so fine that it carries and disperses exceptionally well, cool spray for health and safety. This Sunbeam model has automatic humidistat, variable mist output control, 4" reservoir opening for easy filling, tip over switch for automatic cut off if unit is knocked over plus a 1-year limited warranty and costs **$99.00** ($10.95) #A1384. The standard model (not shown) with a 1-gallon reservoir and no tip over switch costs **$85.00** ($10.95) #A1385.

WELL-WROUGHT WIZARDRY

We tried White Wizard cleaner on a rug stain of several months' standing. The rug came clean. We tried it on the grass-stained knees of the kids' blue jeans. They came clean. We tried it on a necktie gravy stain. It came clean. Now it is the first thing we reach for when confronted with a grease, oil, blood, ink, berry, fruit juice, lipstick, coffee, tea, smoke or pet stain. We have found White Wizard exceedingly mild-mannered — odorless, neutral pH, non-abrasive, biodegradable, compounded of 9 non-toxic quality chemicals. Two 10-oz. tubs of White Wizard spot remover and all-purpose cleaner for **$14.00** ($2.95) #A14302.

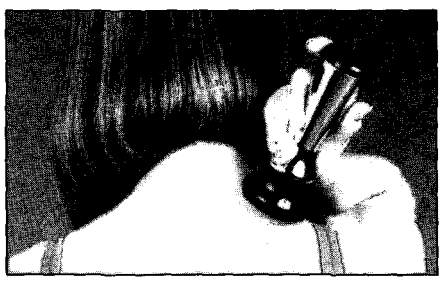
TRAVELERS' TRUSTY COMPANION

If this is the *only* extra you take along on your next trip, you'll still have all your comforts covered — a full-featured battery-operated clock/radio smaller than a paperback book. Listen to AM or FM (telescoping 17" antenna for superior reception), fall asleep to music, wake right on time to radio or alarm, snooze safely, check the time at a glance (displayed in large LCD numerals right down to the second). All this convenience is packed in a stylish grey-and-black case, only 6" x 3¼" x 1¼" and barely 12 oz. Uses 4 AA batteries, not included. No traveler could ask for more useful features in a smaller, handier package. The price is compact, too: **$29.00** ($4.95) #A1434.



DEEP HEAT RELIEF

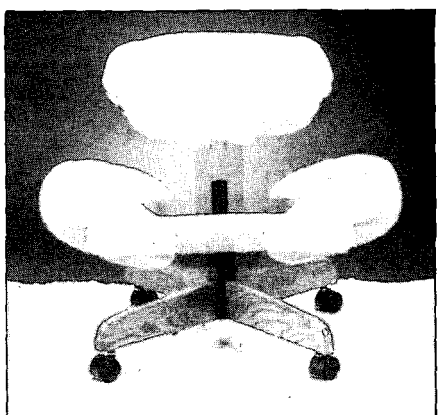
Heating pads and hot water bottles mainly warm the surface of the skin — their heat does not penetrate deep into muscles and joints. Infrared heat goes deep beneath the skin to reach the actual site of inflammation and discomfort. The Infralux allows you to apply infrared heat yourself, as often as you like. Fast effective relief of pain from sinus headache, arthritis, bursitis, backache, neuralgia, sprains, muscular aches and pains. Safe to use. UL listed. Hi/low settings. 6" long, plugs in normal household outlet. With carry case for **$39.00** ($3.95) #A1331.



IT SWIVELS!

Backless "Back" Chairs have solved the age-old problem of proper seating, aligning the body on its natural axis so that sitting does not stress spine or back muscles. The redistribution of body weight is dramatically more freeing, natural, comfortable. But until now you had to give up mobility to sit this intelligently — these chairs were unidirectional and if you needed to change orientation you had the awkwardness of moving the whole chair. Finally it swivels! In its brand-new swivel incarnation, the Back Chair is suited for use at any work station, desk or table. The reinforced oak 4-star base has commercial-quality dual-track casters for easy manueverability over carpets or floors. Effortless swivel action. Manual height adjustment. Gray poly-cotton fabric over plush cushion. This is a new twist on a good idea and until you use it you don't know how relaxed and productive you can be sitting down. The price is a nice turn too, only **$69.00** ($11.95) #EVA1337. Minimal assembly.

Shipped directly by manufacturer. Allow 4 weeks for delivery.



ORDERING INSTRUCTIONS AND GUARANTEE: *We ship via United Parcel Service wherever possible to insure prompt delivery. The price of each item is shown followed by its shipping and handling charges in ( ). Be sure to add the item price* ***plus*** *shipping and handling charges for each item ordered to arrive at the* ***total price*** *of each item. (Sorry, we cannot handle Canadian, foreign or C.O.D. orders.) Please allow 30 days for delivery from our receipt of your order.*

TOOLS FOR LIVING

FOR FASTEST SERVICE ON CREDIT CARD ORDERS CALL TOLL-FREE **800-334-7777** IN NEBRASKA CALL 1-800-642-9900

DEPT. RSA06, 400 S. DEAN ST., ENGLEWOOD, NJ 07631

PLEASE FILL OUT THIS ORDER FORM AND HAVE IT IN FRONT OF YOU WHEN CALLING.

SEND TO (PLEASE PRINT)	ITEM NO.	QUANTITY	DESCRIPTION/COLOR	ITEM PRICE	SHPG. & HNDLG.	TOTAL PRICE
ADDRESS						
CITY STATE ZIP						
ENCLOSED IS A CHECK OR MONEY ORDER FOR $ PAYABLE TO **TOOLS FOR LIVING.**						
☐ MASTERCARD ☐ VISA ☐ AM. EXPRESS EXP. DATE						
ACCOUNT #			ENCLOSED IS $1.00 FOR YOUR NEW **TOOLS FOR LIVING** CATALOG.			
SIGNATURE					**TOTAL AMOUNT**	

100% SATISFACTION GUARANTEED OR YOUR MONEY BACK

© ISP, Inc.

ADVERTISEMENT

trends

pointing their political weapons at the same target these days: the federal price-support system for peanuts, milk, and sugar.

This new alliance is focusing its collective wrath on schemes that have cost taxpayers $50 billion over the last four years. Through production limits, price floors, surplus buying programs, and import quotas, the government has raised prices for peanuts, milk, and sugar (among other commodities). Ellen Haas, executive director of the consumer group Public Voice for Food and Health, says these programs add 60 cents to the price of a five-pound bag of sugar, 15 cents to a half-gallon of ice cream, and 45 cents to a three-pound jar of peanut butter. In fact, at least 25 cents of every food dollar spent by consumers can be

global trends

Doing Battle with the Welfare State

LONDON—It is tempting to attack as mere cosmetics the recent proposals by the Conservative Thatcher government to reform the social security provisions of the British welfare state. That would be uncharitable. That this debate is even taking place is a sign of the success that classical liberals have had in reintroducing their ideas into the public policy arena.

One-quarter of the government budget—36 billion pounds—is spent on welfare in Britain each year. Two-thirds of British families receive at least one welfare benefit as part of their weekly income. The system employs 115,000 officials to send out 400 million forms each year in response to 16 million claims. There are 20 million beneficiaries of the British welfare state. There are only 26 million British families.

The reforms proposed by the Thatcher government are an attempt to direct welfare payments to the neediest and to simplify a system that is so riddled with loopholes that even the thousands of bureaucrats who administer it cannot understand it.

The most welcome proposal is the suggestion that the upper tier of Britain's social security system, the State Earnings Related Pension System (SERPS), be scrapped and replaced with private pension provision. Though Thatcher dares not touch the basic old-age welfare that everyone receives, nevertheless this is a brave and moral leap—but one that is meeting with so much (expected) opposition that its chances of going the full distance are questionable. SERPS, which bases additional payments on a worker's best 20 years of earnings, was begun in 1975 on what is confusingly called a "pay as you go" system. In fact, it's more like "you pay as *they* go"—the working taxpayer pays while the old folks go into retirement.

Thatcher proposes to phase out this enormously expensive pension system, which she has characterized as a "time bomb" because of the enormous numbers of people who will be going into retirement over the next few decades. The Conservatives' plan would honor the system's commitment to all those who are within 15 years of retirement but would require younger workers and their employers to join and contribute to an occupational pension plan or a personal pension fund.

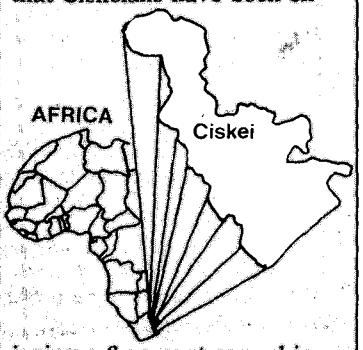
Other elements of Britain's bloated and intrusive welfare state may be in for reform, too. Though Thatcher is refusing to touch the outrageous child allowance—under which all families receive payment of 6.8 pounds (about $9) a week for each child, regardless of income level—the Conservatives are proposing to increase the threshold for taxation from an unbelievably low $5 a week to $19 a week. This would enable the forgotten people of the welfare state, the working poor, to keep more of what they earn.

What I find brave about Thatcher's proposal is that it suggests a course for less government. Market-oriented liberals have injected their ideas back into the body politic. And as the public is exposed to these ideas, perhaps the realization will grow that not all government proposals need be for more intrusion into private citizen's lives.

—Eben Wilson

Havens of Prosperity and Peace in South Africa's Back Yard

BISHO, CISKEI—While South Africa's unrest swirls around it, the Republic of Ciskei, whose free-market reforms were reported by John Blundell in an investigative article in REASON in April 1985, continues to prosper. South African foreign correspondent Leon Louw reports that the black homeland, which gained its independence from South Africa in 1981, "is experiencing an unprecedented economic boom in the midst of a depression in southern Africa which is second only to the depression of the 1930s." David Bridgman, Ciskei's director of planning, notes that Ciskeians have been enjoying a 6 percent annual increase in per capita income, inflation-adjusted. Bridgman, who has a doctorate in economics from Cornell University and is a former employee of the World Bank, attributes Ciskei's economic performance to the virtual absence of taxation, unique land-reform program, and racial harmony. (Ciskei has thrown out both the race laws and extensive economic controls that had governed it as part of South Africa.)



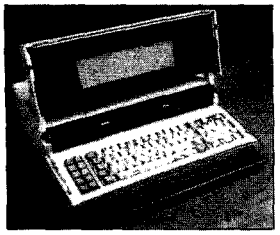
"A significant development is that unrest, which was most prevalent in Ciskei two years ago [when there was reportedly some police brutality], has now virtually disappeared," reports Louw. This is especially significant, he explains, because "Ciskei is surrounded by the eastern Cape, where virtually all of

(Continued on page 20)

IBM Compatible Convertible Affordable Portable Computer

– Factory to you . . .
for Business – Home – School

$699



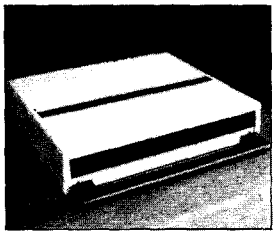
Scan the technical specs of the Commuter™ by Visual Technology Incorporated, and see how this lightweight (16 lb.) champion can be turned into a heavyweight contender.

For example the powerful 128K memory computer can be expanded to 256K or 512K as an affordable option (factory installed).

The operating system is MS-DOS™ version 2.1. Dual 5¼" Disc-drives allows you to use all the popular IBM Software. You can run Flight Simulator and with the 512K upgrade Lotus Symphony™.

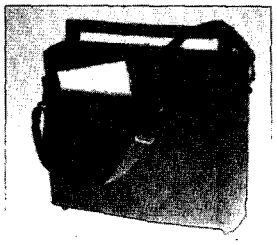
With the 16-line × 80 character LCD screen, you can use your computer in places you've never used a computer before. Pack it up and take it in the optional custom made American Tourister carrying case. Or, plug in your monitor and it becomes a powerful desk top computer second to none.

Visual Technology Incorporated and SGD Merchandising Corp. have provided a direct "factory to consumer" sale, eliminating all the middle men, advertising expense, and extraneous costs, enabling you to purchase this super value at substantial savings.



The configuration and design of the Commuter™ (3½ × 15 × 18) when closed, easily carries like a briefcase. There is a 90-day Limited Warranty backed by nationwide service, and service by mail to Visual's plant in Lowell, Massachusetts.

SGD Merchandising along with the super value of the Commuter™, has made special arrangements with various suppliers to bring you the following substantial savings.



The Commuter™

Dual-disk drive/computer with 128K memory (100)	$699.00
American Tourister Carrying Case (101)	additional $ 69.00
16x80 LCD Screen (102)	additional $299.00
256K Expansion (103)	(factory installed) additional $199.00
512K Expansion (104)	(factory installed) additional $399.00

Quality Peripherals at Super Prices

	Regular Price	Cost to you
IBM 12" Monitor—Green (105)	$ 275.00	**$225.00**
Zenith 12" Monitor—Amber (106)	149.00	**89.00**
Zenith 12" Monitor—Green (107)	149.00	**89.00**
External Hayes Compatible 1200 Baud Modem with telecommunications software (108)	395.00	**199.00**
Olivetti DY 450 Letter Quality Daisy Wheel Printer (109)	1,595.00	**599.00**
IBM 5¼" Diskettes DS/DD (10 Pack) (110)	47.50	**22.50**

How To Order:

Please list items and order numbers
Send Check or Money Order payable to SGD Merchandising Corp.
Orders by phone call Toll-Free:

1-800-228-4420

Nebraska residence call:
1-800-642-9900
For Technical Information Only:
617-683-4439
N.Y. State residence add 8.25% sales tax.
For postage and handling add $25.00 per order.
All major credit cards accepted.
(Quantities Limited)

SGD

1-800-228-4420 Call operator 17

SGD MERCHANDISING CORPORATION
625 Madison Avenue, N.Y., N.Y. 10022

Commuter is a registered trademark of Visual Technology Incorporated. IBM is a registered trademark of International Business Machines Corporation. MS-DOS and GW Basic are trademarks of Microsoft Corp.

SPECS

POWERFUL

- **16-bit 8088 Processor**
- **128K Memory with Parity**
- **Parallel Printer Port**
- **Serial ASYNC RS232-C Port**
- **Din Connector RF Modulator or Composite Video Output for Television and Composite Video Input Monitors**
- **RGB/Direct Drive Output for High Resolution Monochrome or Color Monitors**
- **IBM Compatible Color Graphic Support**
- **Support Logic for 80 × 25 or 40 × 25 Character Display and 80 × 16 Flat Panel LCD Display**
- **Connector to IBM Expansion Unit**
- **Diskette Controller Supporting (2) Two 5¼" Diskette drives**
- **ANSI Standard ROM Based Terminal Emulation**
- **ROM Based Extended Diagnostics**
- **5¼" Diskette Drive, Double Sided—Double Density (360 Kbytes)**
- **RS232 Programmable Serial Port Capable of ASYNC, BISYNC, SDLC and HDLC Support**
- **Powercord**
- **Operates on Standard AC current**

PORTABLE

- **Size: 15" × 18"x 3½"**
- **Weight: 16 pounds**
- **Optional 80 × 16 Flat Panel, LCD Display**

IBM COMPATIBLE

- **MS-DOS™ 2.1**
- **Power Up Self Test Diagnostics**
- **GW Basic™**
- **Keyboard IBM PC Layout**
- **Low Profile, Attached**
- **Sculptured Key Array**
- **83 Keys, Including Numeric Pad and (10) Ten Function Keys**
- **Indicator Lights for CAPS and Numeric Lock**

traced to the artificially inflated cost of foods containing these products.

Poor people, whose food bills devour a much larger percentage of their total income than do the food bills of the wealthy, are hit especially hard by agricultural price supports. Consumer lobbyists are thus taking their case to members of the Congressional Black Caucus and to liberal, urban lawmakers, according to the *Wall Street Journal*. An impressive coalition of food companies, supermarkets, restaurants, and budget-minded groups like the National Taxpayers Union and the US Chamber of Commerce supports their efforts.

Historically, farmers' organizations like the Farm Bureau, the National Farmers Union, and the National Grange, as well as individual commodity groups, have dominated agricultural politics. But the prospect of ever-greater subsidies to bail out farmers, coupled with out-of-control federal deficits, has fueled an opposition that the entrenched farm alliance will have to reckon with.

Since the Great Depression, the government has been trying to stabilize both farmers' incomes and the country's food supply by regulating production and price levels for many agricultural commodities and subsidizing farmers' incomes directly with cash. But, knowing that the price of

global trends

(Continued from page 18)
the present unrest in South Africa, about which you no doubt receive a great deal of information in the US, is taking place."

Developments since REASON last reported on Ciskei include the disbanding of the Swart Commission, which had studied Ciskei's situation following independence and recommended sweeping liberalization of the economic and legal arrangements inherited from South Africa. After issuing a report in December 1983, the Swart Commission had guided the implementation of specific reforms as they were adopted by the Ciskei government. In early 1985, however, its members agreed to dissolve the commission in protest against the government's awarding of contracts without recommended evaluation procedures.

Louw notes that the government "has stated emphatically" its continuing free-market policy resolve. Indeed, in June the National Assembly adopted a "Repeal of Laws Act" that swept from the books a host of South African and Ciskeian acts, rules, and ordinances. A mere listing of titles of the repealed laws, which range from the Leprosy Repression Act (1884) to the Problem Animal Control Ordinance (1984), takes up 19 pages.

Louw reports, however, that there are "predictably any number of vested interests that continually try to sabotage delegislation." Nor is this the only source of uncertainty that Ciskeians must overcome in their attempts to attract job-producing investments: other nations have refused to recognize Ciskei's independent existence; and there are fears that South Africa, threatened by a free-market enclave in its midst, will pressure Ciskei to undo its reforms.

To allay investors' uncertainty, Ciskei recently initiated unique measures. It now offers to indemnify investors against risks that the government creates. For example, if an investor starts an enterprise in Ciskei on account of the tax-haven status, the government will enter into an agreement with the investor granting indemnity against the reintroduction of profits taxes (which were 50 percent before the free market came to Ciskei).

In addition, because investors may not trust a civil-law indemnity agreement, Ciskei's government is negotiating with international insurers to obtain an insurance policy against such government-created risks as changes in tax policy and nationalization. "This too is a unique idea," notes Louw, "and it is taking some time for insurers to come to terms with it and work out appropriate premiums and the details of cover."

Meanwhile, John H. Metzler, a foreign-affairs specialist based at the United Nations who recently visited another of the independent homelands, BophuthaTswana, reports that, with cuts in business regulation and taxes there also, gross national product has tripled in the five years since independence. The multiracial University of BophuthaTswana now has some 1,600 students, up from 227 in 1980. And the Las Vegas–style Sun City is a continuing source of tourism income from a steady stream of whites from South Africa (while, ironically, US entertainers refuse to appear there in protest against South Africa's apartheid, maintained by laws that have been abolished across the board in BophuthaTswana, just as in Ciskei).

Louw, head of the Free Market Foundation in Johannesburg, predicts that growing prosperity in the homelands has opened up a can of worms for "development economists," who typically have shunned the free market in favor of government-engineered development strategies for the emerging nations of Africa. He reports a flurry of discussion in academic journals on Ciskei's free-market strategy. "I think we are seeing the tip of the iceberg of a raging debate amongst so-called development economists."

Global Roundup

■ *Monetary miracle.* Argentina President Raul Alfonsín's pledge to stop printing money to finance government spending apparently is working: in September the nation's inflation rate plummeted from a June high of 2,340 percent annually to 27 percent. Government studies surprisingly showed that Argentines understand that the printing of money to pay for the state's overspending causes inflation. Bolstering the printing ban are Alfonsín's moves to cut spending and his plans to privatize hundreds of state companies, from airlines to steel mills.

■ *Welcome to the 20th century.* Swiss voters have approved a sweeping package of reforms granting women equal rights in marriage. Women no longer need their husbands' permission to open a bank account, nor are men responsible for their wives' financial affairs.

their products would be propped up by the government, farmers have overproduced in vast quantities. In addition, government-supported prices have tended to lock American farmers out of world markets—while adding $7 billion to Americans' grocery bill every year.

In spite of falling land values and escalating farm debt, farm lobbyists still insist that price supports can somehow clean up the mess. Peanut, milk, and sugar producers even claim that their price supports *benefit* consumers. But consumers aren't buying that line anymore. Retorts consumer advocate Haas, "American consumers are financing the sugar and peanut commodity programs with their grocery money, and they are getting absolutely no return. On top of that, they are paying for the dairy program twice—with grocery money and again with tax money."

The new focus for consumer groups constitutes a long-overdue change. Finally, they're trying to get government *not* to do something.

Old Foes Shake on a New Deal, Say to Feds, "We'll Do It Our Way"

An interesting coalition of California farmers and environmentalists has found common cause in an effort to solve a problem that had the two groups glaring at each other not so long ago. The problem is polluted run-off from irrigated agricultural lands in the San Joaquin Valley in the middle of the state. The proposed solution is to bypass costly government remedies and instead build purification plants—paid for by reselling the water to California cities.

For years, the federal government has supplied subsidized irrigation water to farmers in the dry valley, transforming it into a booming agricultural area. But an unfortunate byproduct of irrigation is selenium and other salts that eventually ruin the land if the run-off is not drained away. The farmers always figured the government, having built the water projects at taxpayers' expense, would solve the polluted run-off problem in the same way.

While environmentalists worried and farmers accused them of obstructionism, the run-off was collected in a pond at the Kesterson National Wildlife Refuge. But a long-stalled drainage canal to carry the wastes 207 miles to the ocean has now nearly died of political and financial ailments. And in 1983, the environmentalists' worst fears were confirmed when it became apparent that selenium in the water stored at Kesterson was leading to deaths and deformities among waterfowl in the area. Under growing pressure from the state of California to clean up the mess it had created, and with nothing but billion-dollar solutions on the table, the federal government announced last March that it would shut off the flow of water to 42,000 acres in the valley until it figured out what to do.

In the ensuing months, a compromise was reached to allow the farmers to continue receiving the water temporarily. But it stunned the farmers, who are reaching a growing consensus that they're not going to be able to leave it to Uncle Sam to solve this one. As Jerry Butchert, manager of the water district, said to the *Los Angeles Times*, "it looks as though they are not going to be able to do something very rapidly, and we don't think we can wait." In August, the district and the Environmental Defense Fund announced an agreement to work together on developing their own solution—desalination and recycling of the agricultural drainage.

Even before the selenium problem, Environmental Defense Fund activists had advocated desalting plants as an alternative to the government's proposed canal. Now, desalinization appeals to both sides. Farmers like it because it offers a permanent remedy, not only to the selenium problem but also to their long-time concern about the rising salt content of the soil. Environmentalists like it because it would prevent contaminated water from being dumped into the ocean. On top of that, recycling the farm water could sidestep the need for construction of new dams or other water projects.

Taxpayers should like the coalition's proposed solution, too, for it would keep the government's role to a minimum. The district and the EDF are asking the government for $2 million for "fast-track" studies to develop a prototype desalinization plant. (Israel has some in operation now.) But they want the $2 million only as a loan. Growers would finance construction of a series of $40-million desalting plants with private loans, to be paid back by marketing the purified water. As Zach Willey of the EDF notes, the financial feasibility of the plan depends on being able to sell the water "at a rate corresponding with what it would cost to create new water in California with dams or other traditional facilities." Such market pricing of new water is an idea whose time appears to be coming in California anyway.

It sounds like a double win for us taxpayers—we wouldn't have to finance the clean-up of Kesterson, and we wouldn't have to pay to provide new water for Californians. If the farmers and environmentalists prevail in their new coalition, it would be a happy ending to the nightmarish story of Kesterson.

Milestones

■ *Blind squirrel finds acorn.* Neo-liberal economist Lester Thurow is advocating a piece of banking deregulation. In a recent *Technology Review* article, Thurow argues that allowing banks to take direct ownership in industrial firms (since 1933, they've only been allowed to make loans to firms, not to buy stock) is a must if the United States is "to be competitive in world markets."

■ *INS stormtroopers hamstrung.* A US district court judge in San Jose, California, has ruled that Immigration and Naturalization Service agents cannot raid workplaces unless they obtain a warrant or the employer's permission. The case stems from a 1982 statewide sweep of California factories during which workers who looked Hispanic were detained.

■ *Getting into jails.* Nashville-based Corrections Corp. of America has offered the Tennessee government $250 million for a 99-year lease to operate the state's prison system. The company would charge the state a per-prisoner fee for housing and caring for inmates. Tennessee legislators and government officials were to consider the proposal in November.

—Robert W. Poole, Jr., Lucy Braun, Bill Kauffman, and Eric Martí

The Thatcher administration has found a sure-fire way to reduce big government—sell it to the people.

Buying Out of Socialism

by Madsen Pirie

*Peter Haskell, union member and life-*long supporter of Britain's Labour Party, has had a change of heart. In the last election the retired postal worker voted for the Conservative Party for the first time in his life.

Haskell wasn't converted by the force of Margaret Thatcher's personality, nor was some particularly cogent Conservative Party position paper the key. In fact, ideology had nothing to do with it. The Conservatives won his vote the old-fashioned way: they bought it.

They bought it by giving Peter Haskell and his wife the chance to buy their own home rather than spend the rest of their lives in government-owned public housing. And they bought it by allowing Peter Haskell, Labour Party stalwart, to become Peter Haskell, stockholder in communications giant British Telecom.

There is nothing illegal or unethical about this Conservative strategy. It's just good politics. And in the process of buying off Peter Haskell and hundreds of thousands of other working-class voters, the Thatcher government is shrinking the size of Britain's massive welfare state and turning traditionally socialist constituencies into enthusiastic capitalists.

Privatization—turning nationalized industries over to the private sector, by hook or by crook—is revolutionizing politics and everyday life in Great Britain. Consider the evidence:

•In six years, the government has sold 873,000 public-housing units to their tenants. That's 13 percent of Britain's public housing.

•British Telecom, the huge government-owned telephone and telegraph company, was sold to the public last November. It was the largest public of-

Thatcher is shrinking Britain's massive welfare state and turning traditionally socialist constituencies into capitalists.

fering of stock in history. Two million Britons, about half of them first-time investors, bought shares.

•The government has sold all of its stock in British Petroleum and has sold off subsidiary operations of British Steel, British Rail, and British Airways.

•Slated for privatization before the end of 1987 are National Bus, Rolls Royce, British Airports Authority, British Gas Corporation, and four other large state-owned firms.

•Every city and town in Britain has contracted out at least one service to private firms. At the current rate, there is a local service, from collecting garbage to cleaning school windows, being privatized every day.

It all adds up to a dramatic change from the recent past. In the 18th century, Scottish philosopher and economist Adam Smith described Britain as "a nation of shopkeepers," dedicated to free trade abroad and competition at home—and to innovative products, new markets, and an unfettered economy. Following World War II, however, economic liberties gave way to socialism under the leadership of successive Labour Party governments. One by one, the once proud and unbeatable British industries fell to nationalization. Eventually the British economy, burdened with anemic and uncompetitive nationalized industries, went into a tailspin. By 1979, the once robust British economy provided one of the lowest standards of living in Europe.

When Margaret Thatcher assumed the office of prime minister in 1979, nationalized industries accounted for a full 10 percent of the gross domestic product. The government dominated the fields of transportation, energy, communications, steel, shipbuilding, and health care. More than 1.5 million Britons worked in state-owned firms. The economy was on the ropes.

Jaguar's before-tax profits doubled when the government pulled out.

Had Thatcher pursued the usual Conservative strategy—advancing cautious reforms of the welfare state and trying to introduce new efficiencies in the public sector—her tenure would be a footnote in the textbooks. Instead, she chose radicalism and as a result may well have changed the course of Britain's history. Already, 400,000 jobs in 16 different companies have been moved to the private sector and 7.7 billion pounds funneled into the British Treasury, and the government plans to continue selling at the rate of about 2 billion pounds a year.

THE BLACKWELL CORPORATION

The Conservatives won Labour Party stalwart Peter Haskell's vote the old-fashioned way: they bought it.

Before telling you how Margaret Thatcher did it, I ought to confess my role in all of this. The Adam Smith Institute is a British free-market think tank that has acted as a fount of ideas and a behind-the-scenes advisor in Thatcher's privatization campaign. We've had varying degrees of success. Some proposals have been adopted on the spot; others have been dismissed. Some survived bitter, protracted fights in the halls of Parliament, while others have been modified or diluted before being enacted.

Economists have known for a long time the efficiencies that are characteristic of private versus state enterprises. Political theorists have argued eloquently for the enhancement of individual liberties under private versus government activity. But this is not enough.

In the process of trying to nudge privatization along in Britain, we have learned—and helped government officials sympathetic to privatization understand as well—that before any state-owned or state-directed activity can be "hived off," as we say over here, you must satisfy four special interests. They are, in no particular order, management, the workforce, the public, and legislators. Success demands that you devise a method of privatization such that the transfer will be in the best interest of each of these groups. Ignore this bit of advice, and even the most sensible plan will remain forever on the drawing board.

So there is no single best method of privatization. We follow this simple rule of thumb: If you can sell, sell it. If you can't sell the whole, sell part of it. If you can't sell any of it, give it away. And if you can't give it away, contract it out. Almost any government program can be turned around in this manner.

In 1984 the Blackwell Corporation, producers of the PBS television series *American Interests*, came to Britain to chart the course of the British move to sell off the state. Reporters talked to workers, business executives, and politicians of all stripes. Drawing from that report—"An Economic Miracle in the Making"—and from the Adam Smith Institute's own research, I've put together for American readers some of the most interesting case studies to show how your transatlantic friends are going about devouring the state.

Kicking Out the Landlord

When Thatcher took office, the government owned about 35 percent of all the housing in Britain. More than one of every three Britons lived in a state-owned house (called "council houses").

This has been the largest single transfer of property since the dissolution of the monasteries under King Henry VIII.

The housing issue had been a sure-fire loser for the Conservative Party every time out. In the two decades prior to Thatcher's rule, they insisted that public housing pay for itself—that is, they proposed to raise the woefully inadequate rents to cover costs. Year after year, public-housing rent increases were a fixture of the Conservatives' platform, and year after year they lost. Labour was saying, "Vote for us and we'll keep your rent cheap." The Conservatives were saying, "Vote for us and we'll raise your rent." Public-housing tenants, being rational individuals, flocked to Labour.

There had to be a way to break this impasse. In 1979 the Adam Smith Institute proposed that the government simply give public houses to the tenants. This would have been a good deal for the government, since it was losing money on the houses anyway. But the idea struck the Thatcher administration as too radical. It did adopt a similar scheme, however—the right to buy at greatly reduced prices. Legislation was passed enabling tenants to buy their homes at prices up to 50 percent below market value, the discount depending on how long they had lived in the house.

The program has been a smashing success. During the last six years, 873,000 public houses have been sold to private individuals, raising more than 5 billion pounds for the Treasury. This has been the largest single transfer of property since the dissolution of the monasteries by King Henry VIII in the 16th century.

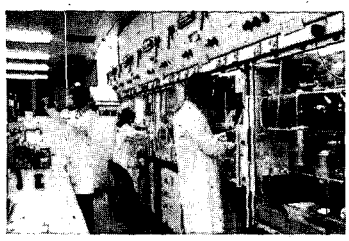
Perhaps most dramatic has been the change in the attitudes of the new homeowners. *American Interests* TV reporters found that Wandsworth, for instance, a middle-class inner borough of London, has been completely transformed by the program. Once a shoddy, ill-kept neighborhood, it has become a sharp community of fresh paint and manicured lawns. As Wandsworth resident Peter Haskell admitted on camera: "To be honest with you, when you own a house you look after it more. You not only look after your own part, you also look after the surroundings as much as you can. . . . Obviously, you know, we try to keep it tidy as much as we can."

Between a third and a half of Wandsworth's public-housing residents have bought their homes. It's not difficult to determine which houses are privately owned—as Haskell observed, "you can tell by alterations in front where people have done their doors—new doors, new windows, you know."

The housing policy has reinvigorated the Conservative Party, as well. In the last election, Labour again promised, "Vote for us and we'll give you cheap rent." But this time the Conservatives countered, "Vote for us and we'll give you cheap houses." The voters' answer should be obvious.

There is a postscript to this story: Labour opposed the sale of houses from the start. Labour-controlled local councils resisted the program until Conservatives enacted "right to buy" legislation, and Labour politicians even threatened to take the houses back into state ownership if they returned to power. But even politicians can learn simple lessons. In April 1985, the Labour Party unveiled its new housing policy: Public housing tenants shall have the right to buy their homes.

NFC driver-stockowner Steven Shepherd: "You realize that a part of this truck is your money, and it gives you that new edge."



Amersham, maker of sophisticated medical equipment, went private in 1982.

Owners in the Drivers' Seats

Nothing concentrates the mind like the imminent threat of "job separation." In 1979, Thatcher announced her intention to privatize the National Freight Corporation (NFC), Britain's largest trucking firm. To NFC's executives, the news couldn't have been worse. The company would likely be sold to a competitor, and top management would likely find themselves standing in the unemployment line.

In their desperation, National Freight's management came up with a plan—an employee buy-out of the company. The workforce was immediately skeptical; management faced an enormous selling task. Since the average man in the street in Britain had never owned stock, recounted NFC Chairman Sir Peter Thompson, "We had to start by explaining to our drivers what exactly a share was. It was a huge exercise in communication." But in the interest of saving their own jobs, NFC's management had become leading advocates of the privatization!

The campaign worked. The workers were persuaded that an employee buy-out was in their own interest, and 25 percent of the workforce (10,000 workers) invested some 6.2 million pounds. (The average worker-stockholder bought 700 shares at one pound each. By early 1985, each of these shares had surged in value to 7,000 pounds.) National Freight's workers bought a full 83 percent of their company, the rest of the financial backing coming from British banks. It was

Ignoring their union leaders' advice, 96 percent of British Telecom's workers bought stock in their company.

the largest employee buy-out in British history.

On February 22, 1982, Sir Peter Thompson went before the workforce to announce NFC's new incarnation as a private, employee-owned company. "Today is a tremendous day," exulted Thompson. "We have got a new slogan: 'We're in the driving seats.' It is a simple concept. Let's own and control the company we work for."

Since the buy-out, NFC reports that employee productivity has increased by 30 percent. And, as with housing, workers have learned that private property and free markets are a good deal for everyone. Steven Shepherd, a driver with NFC who bought stock the first day it was offered, muses, "You realize that part of this truck—it might only be very small now—is your money, you know, and it gives you that new edge."

Employee Peter Finnell, who joined the company and bought in with stock after privatization, says, "It's nice to see all the board sitting up there on the rostrum at the shareholders' meeting, and they are only there because you put them there, no one else. You are the shareholder."

A Nation of Stockholders

In the spring of 1984 Margaret Thatcher took on perhaps the biggest challenge in her privatization program. British Telecom (BT), the world's fourth-largest telephone company, was put up for sale. Skeptics said she was needlessly risking the success of the entire program and of her administration, as well. But Maggie pressed on.

As with earlier privatization battles, selecting the proper strategy was crucial. Buying off the management was simple—the government permitted BT's managers to steer the public-to-private transfer, thus trading their positions as bureaucrats at a state monopoly for new status as executives of a powerful and profitable private firm.

Getting the support of BT's workers was more difficult. Union leaders and Labour Party officials were telling them to resist privatization. But the workers, mindful of the success of previous transfers such as National Freight and caught up in the excitement of a $20-million media campaign to sell BT stock to the British public, ignored the advice of their putative leaders. In the end, *96 percent* of BT's workers bought stock in their company.

The real story of BT, however, was the success the company had in convincing the general public to buy stock in this poorly run, much-maligned firm with a reputation for efficiency approximating that of the US Postal Service. Sleek, jazzy ads proclaimed BT "the power behind the button." BT's management stumped the countryside for support from stockbrokers and ordinary blokes. Ads were geared to small, first-time investors, and purchases of the original stock issue were limited to 800 shares to ensure that big institutional investors couldn't gobble up huge chunks of stock until the little guy had bought his shares. British Telecom even offered reductions on telephone bills for three years to stockowners.

When BT went on sale in November 1984, the reaction was frenzied. Shares opened at 50 cents and rose to 97 cents within hours. At day's end, two million people had become stockholders, doubling in a single stroke the number of Britons who own stock. Overnight, British Telecom had become the nation's largest private company.

BT's chairman of the board, Sir George Jefferson, told *American Interests* reporters, "I think (the sale) is the biggest impact, really, since the war in this country. This has really caught the public imagination, and those people are staying with us."

It has indeed caught the public imagination. Allen Partington, a warehouseman, is a typical new stockowner. "If I go to a bank and invest the money I intend to put with BT, I will get six percent, 7 percent. It is not exciting. But when you can see it in the stock exchange and you can see it in the papers moving up or down, it gives you a little bit of excitement, you know, and I really enjoy that."

Sleek, Sporty, and Private

In Britain, even the automobile industry has long been seen as a fit province for government ownership. But in 1984 Thatcher succeeded in privatizing the luxury-car maker Jaguar, which was nationalized in 1966 and had spent the last 18 years as a division of state-owned British Leyland.

By the time Jaguar came on the market, privatization had become a household word in Britain. Traffic jammed London streets as people lined up to buy shares the day Jaguar stock was offered

Working-Class Revolution

The workers usually constitute one of the big obstacles to privatizing nationalized companies. But not in Margaret Thatcher's time. Her administration has found a way to enlist the support of the workers in cutting back big government. When the company goes private, the workers are offered stock at special rates. And in spite of negative counsel from their union bosses, British workers have jumped at the opportunity to be capitalists.

Company	Date of Sale	Workforce Owning Stock
British Petroleum	**Oct. 1979**	**43%**
British Aerospace	**Feb. 1981**	**74**
Cable & Wireless	**Oct. 1981**	**99**
Amersham International	**Feb. 1982**	**99**
National Freight Company	**Feb. 1982**	**36**
Britoil	**Nov. 1982**	**72**
Associated British Ports	**Feb. 1983**	**90**
British Telecom	**Nov. 1984**	**96**

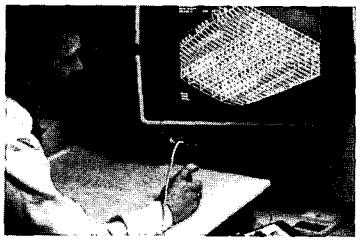
"When you can see it in the stock exchange and you can see it in the papers moving up or down," says a new worker-stockowner in British Telecom, "it gives you a little bit of excitement, you know."

Gentlemen in bowler hats were bashing each other with briefcases and umbrellas in the mad dash to buy Jaguar stock.

to the public. The television news pictured gentlemen in bowler hats bashing each other with briefcases and umbrellas in the mad dash. Nearly 190 million shares were purchased.

In the first year after privatization, Jaguar's before-tax profits nearly doubled. Worldwide sales increased 15 percent. The improvement, Jaguar chairman John Egan believes, is attributable to the competitive pressures of private enterprise. During the 1970s, he explained, while Jaguar was state-owned, management pursued economies, not excellence, in its cars. Yet luxury cars are valued precisely for that excellence: for being the fastest, the sleekest, the most beautiful.

When the threat of failure no longer



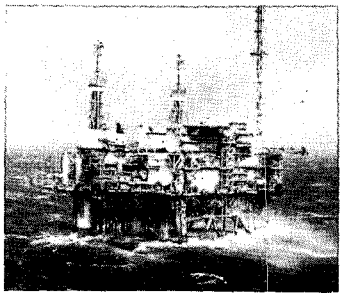
British Shipbuilders meets the computer age.

hangs over a business, as is the case when the state owns a company and can make up its losses by simply increasing taxes, management has no incentive to please consumers. "The real basis of business in a democracy is that you make profits out of satisfying customers," observed Egan, "and these were things that the nationalized industries never really sought to do."

If You Can't Give It Away . . .

In 1812 the British government appointed a man to sit with a telescope on the Cliffs of Dover, overlooking the English Channel, and watch for Napoleon's fleet. If he saw it, he was to light a beacon so that other beacons could be lit, thereby alerting London of an imminent French invasion. Well, Napoleon was finally exiled to St. Helena in 1815. He died on May 5, 1821. But the office of invasion-alerter survived until 1948.

This story proves that unnecessary



Britoil seems to have weathered the turbulent storms of the market quite well indeed.

programs *can* be eliminated. It's very difficult, though. There are no unnecessary programs in the eyes of their beneficiaries or their adminstrators.

Take, for example, Britain's public steam laundries and bath houses, built in the Victorian era to give citizens an opportunity for bathing and cleaning. A few years ago, the city council in Edinburgh tried to close the government-subsidized laundries, in view of the fact that most homes now have washing machines and there are coin-operated laundries everywhere.

The attempt failed utterly. Women appeared before the council pleading poverty. Sociologists testified that the laundries provide the women important social interaction with their friends. Penologists suggested that juvenile delinquency would rise because of added stress on the women. It was even suggested that there would be a serious risk of disease epidemics. Naturally, the city council gave in. How foolish they'd been to identify this as an unnecessary program!

What, then, can be done about local government services that are a drain on the taxpayer? The traditional Conservative Party proposal has been to charge fees for the use of these services. Where it's been tried, however, it's proven to be universally disastrous. It doesn't work because charging user fees has a political cost.

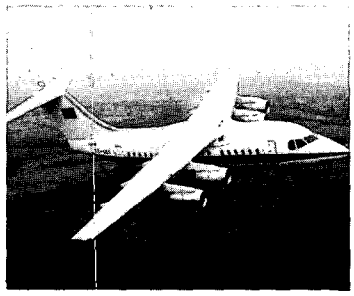
Someone has to set the charges, and there is every pressure on that person or persons to set them as low as possible and, conversely, to set the size of the government subsidy as high as possible. When it comes time to renegotiate those charges, city officials come under intense pressure from organized lobbies. If the officials try to charge fees reflecting true costs, they're portrayed as being somewhere between Scrooge and a Victorian poor-house manager. Sound economic principles can be protected only by putting the best legislators at political risk.

Council housing is an apt example. In the decades after World War II, a small gap between rents charged and costs incurred grew increasingly wider. There was every incentive for local politicians to buy votes from renters by keeping rents cheap and to extract the true cost from taxpayers at large. That's why it would have paid the government, by the 1980s, to give away the houses, although the Thatcher administration struck a better deal.

In the case of public services, there's no individualized benefit such as a council house to offer to the voter to buy off his interest in continued government subsidization. So the Thatcher administration has resorted to the final stratagem in the four-step privatization chain: "If you can't give it away, contract it out"—have the public services performed by private businesses under contract to city government. The financing of the service is kept in the public sector, but the actual provision of the service is done by a private company.

Contracting out works politically because it doesn't eliminate services. And it works strategically because it saves the taxpayers money. Because there is competitive bidding, the private company providing the service under contract faces constant pressure to keep costs down and quality high. The policy saves local governments far more money than was ever saved by attempting to raise user fees.

One of the first city councils to try contracting out was the London suburb of Southend. Armed with studies from the Adam Smith Institute showing that considerable savings would result, in 1980 the Southend city council invited bids from private companies for garbage collection and street cleaning.



I'm private. Fly me.

Among the bizarre life-forms were the Ostrich and Fancy Feather Council and the Artificial Flower Wages Council.

The predicted cost cutting ensued. "Neighboring city councils were shocked when they heard of the size of our savings," recalls one council member. "We immediately knocked more than 20 percent off our cleaning budget."

Other cities soon followed suit. Today there isn't a single city service in Britain that isn't a candidate for privatization—from pest control to legal services, from grass cutting to restroom cleaning.

Alas, the labor unions have always opposed privatization. It's easy to understand why: Nobody likes giving up his monopoly. Last year British unions earmarked 1.5 million pounds to campaign against privatization, an amount roughly equal to the savings to a medium-sized city from contracting out its services.

Even here, though, Labour may be learning a lesson. Interestingly, many Labour-controlled city councils have joined in the move toward contracting out. And many local Labour Party groups, who initially opposed privatization, have not reversed the trend when they regained power.

Is Nothing Sacred?

Sometimes, the constituency whose feathers will be ruffled by eliminating a government service is so small that it can be axed with impunity. This has been the case with some of Britain's QUANGOs. These are not some new member of the marsupial family. Rather, *QUANGO* is an acronym standing for quasi-autonomous nongovernmental organizations, which are similar to US regulatory agencies.

Six years ago, there were 3,058 QUANGOs in Britain. Among them, for example, were three related to birds: the Advisory Committee on Bird Sanctuaries in Royal Parks, the Advisory Committee on the Protection of Birds in England, and the Advisory Committee on the Protection of Birds in Scotland.

The Adam Smith Institute advised the government that the Royal Society for the Protection of Birds, a private organization, was doing more to protect our feathered friends than all three government organizations put together. The Royal Society consistently gave better advice and obviously was more dedicated to its purpose than were the government-paid bird watchers. The government took our advice, transferred the care of bird sanctuaries to the private group, and abolished the three bird QUANGOs.

The existence of the most absurd QUANGOs was of invaluable help in generating public support for reducing the scope of government power. Drawing attention to such bizarre life-forms as the Inspector from the Ostrich and Fancy Feather Council and the Inspector from the Artificial Flower Wages Council helped curb some serious QUANGO abuses of power, such as harassment of small businesses.

So far, 600 QUANGOs have been privatized or abolished. Yet 2,400 remain. And other elements of Britain's massive state have hardly been touched.

The crown jewel of the British welfare state, the National Health Service, is seemingly sacrosanct. The government has instructed NHS hospitals to invite bids from private businesses for their catering and cleaning services, which will certainly save a nice sum of money. But Britain's bloated socialized healthcare system lumbers on, unimpeded by the vigorous fresh air of competition.

Britain's social security system is slightly closer to reform. Thatcher has instituted a contracting-out option for the smaller, second tier of the system, the State Earnings Related Pension System, but the basic pension all Brits receive from the government is so far beyond the pale of political debate.

We still have a long way to go. The good news—for consumers and taxpayers, workers and managers, ordinary and enterprising alike—is that privatization in Britain is now probably unstoppable. Too many people have derived advantages from it. People like having their services provided more cheaply. They like having choice. They like paying lower taxes because state services no longer consume massive subsidies. They like owning a piece of this and that highly visible British industry. They like being capitalists.

And they'll have more chances. Now scheduled for private transformation are British Gas, British Airways, and the British Airports Authority. Rolls Royce and British Nuclear Fuels are coming up soon, and the water utilities are under discussion. The chairman of the state-owned electrical utilities corporation has called for his industry to be put on the market.

Six years ago no one, not even those of us who were hammering out privatization strategies at the Adam Smith Institute, dreamed that the British state could be rolled back as far as it has. Nor would anyone, least of all the putative representatives of the workers, have predicted that the working class would be an important new constituency in this battle to restore capitalism. But it has—and that may be the most revolutionary legacy of Margaret Thatcher's Conservative administration. ◻

THE BLACKWELL CORPORATION

NFC employee Peter Finnell: "It's nice to see the board sitting up there at the shareholders' meeting, and they are only there because you put them there."

Madsen Pirie is the president of the Adam Smith Institute in London and the author of Dismantling the State *(Dallas, Texas: National Center for Policy Analysis), which analyzes 22 different techniques employed in Britain's privatization effort.*

by **David T. Hardy**

If the Founding Fathers Were Alive Today...

MEMORANDUM November 15, 1991

From: *Director, Division of Computer Sciences, Bill of Rights Bicentennial Commission*
To: *Executive Director, Bill of Rights Bicentennial Commission*
Re: *Application of INTELRECON techniques, Project 91-62*

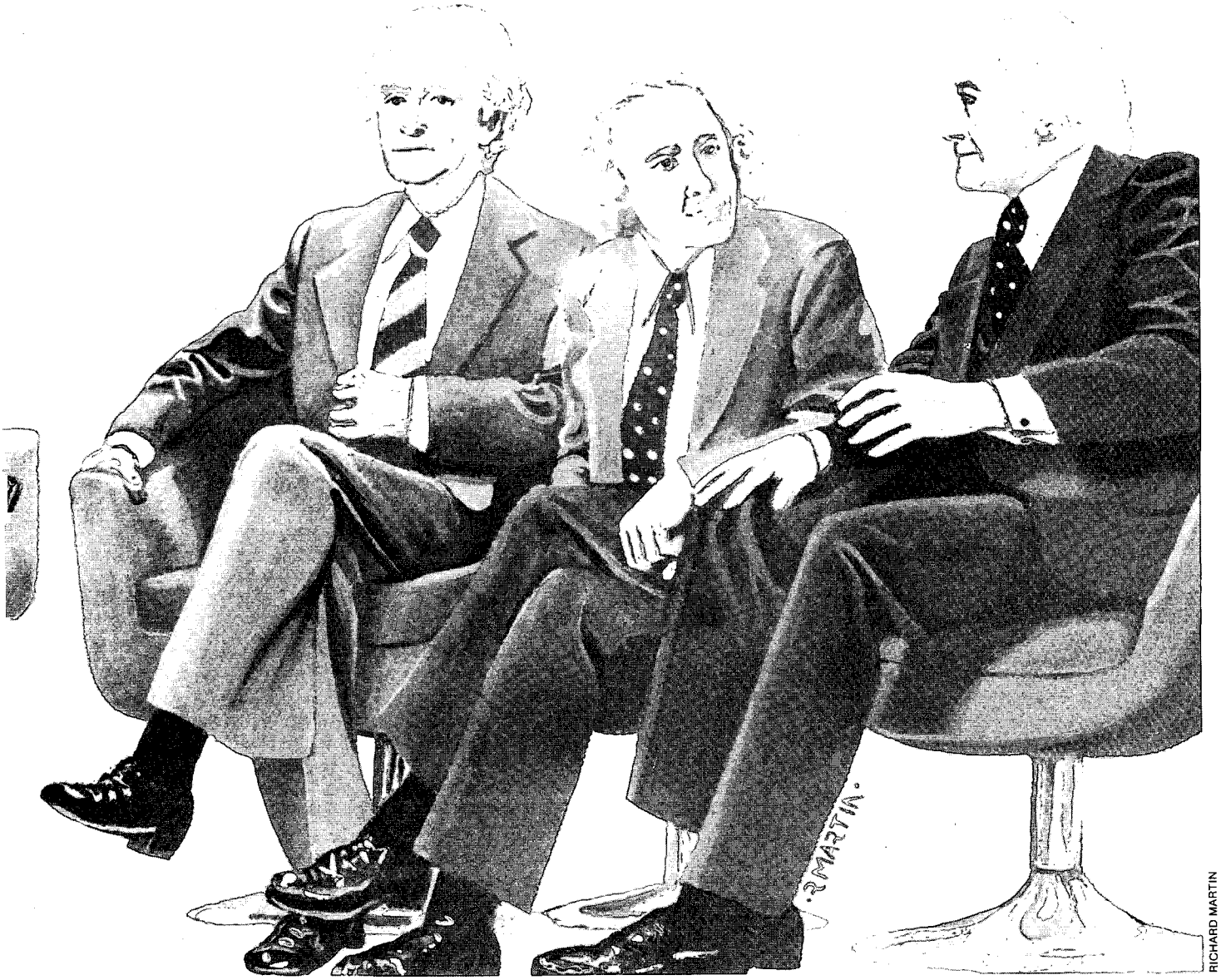
Project 91-62, approved April 15, 1991, authorized this office to reconstruct the intelligences and personalities of various of the Founding Fathers, utilizing advanced INTELRECON (Intelligence Reconstruction) techniques. As you know, INTELRECON employs artificial intelligence techniques to essentially recreate the intelligence and personality of a given human mind in "real time." The accuracy of the reconstruction depends upon the amount of information that can be considered, such as samples of the person's writings, preferred readings, and opinions of influential friends.

Under Project 91-62, this office used INTELRECON techniques to reconstruct the minds of James Madison, George Washington, and Thomas Jefferson, as of the year 1795. Fortunately, these men left abundant records of their thoughts and opinions, lists of their libraries, and voluminous correspondence. This reconstruction is thus one of the most reliable products of the INTELRECON technique. Professor David H. Torry of the Harvard Law School was selected to conduct the dialogue with these reconstructed personalities. A transcript of the dialogue follows.

PROFESSOR TORRY: I am honored to have the privilege of conversing with you gentlemen, whose names are cherished by Americans even in 1991. In addition to serving as the first, third, and fourth presidents of the United States, each of you played a distinguished role in bringing about the Constitution and Bill of Rights under which we still live. It is an honor to have your assistance at this bicentennial celebration.

GEORGE WASHINGTON: It is an honor to be here. I wish our friend Franklin could hear your words. I recall his prophecy to the Constitutional Convention: the Constitution would survive a number of years and then inevitably "end in despotism, as other forms have before it, when the people shall become so corrupted as to need despotic government, being incapable of any other."

THOMAS JEFFERSON: Our friend put little



RICHARD MARTIN

faith in paper promises. He was, I fear, more a realist than a cynic. When the first Congress defied the will of the people and the states and tried to evade its duty to promptly give us a bill of rights, I felt the end was beginning. James, you practically had to beg them before they would put aside their "pressing concerns"—primarily their plans to consolidate federal power—and grudgingly offer a limited guarantee of some obvious rights. It was a degeneracy in the principles of liberty I had not expected to see in many years, let alone in a few months.

WASHINGTON: Yet it appears that two centuries later the United States still live, and under the same Constitution.

PROFESSOR TORRY: That is precisely the point. After two hundred years, we are still proud to live under the same Constitution you gentlemen created, and we regard as sacred the same rights that you wrote into our fundamental law. What explains this remarkable longevity?

JAMES MADISON: First and foremost, the division of powers among various institutions. Under our plan, for a bill to become a law of the United States, it must usually secure the concurrence of the president (chosen by the electors), the Senate (chosen by the state legislatures and presided over by the vice president, the runner-up for the presidency in the electoral college), and the House of Representatives (chosen directly by the people). All these groups are unlikely to have the same interest or prejudice, so that laws of the United States must thus reflect a concurrence of many interests.

PROFESSOR TORRY: Excuse me, Mr. Madison. The system you describe for choosing the president and vice president was changed by the 12th Amendment, and such remnants as were left have long been disregarded in practice. The system you describe for choosing the Senate was discarded by the 17th Amendment.

MADISON: Oh. I should then suppose that the most vital feature of our Constitution was its grant of limited powers to the federal government. The powers of the national government were few and carefully defined; those retained by the states and the people were many and indefinite.

WASHINGTON: Indeed, the powers given the national government are mostly concerned with foreign policy, so that almost all the domestic powers that affect the life, liberty, and property of the people are subject to exclusive state control. Thus there is little scope for ambition or corruption at the national level.

PROFESSOR TORRY: Forgive again the in-

terruption, gentlemen, but while we revere those principles in the abstract, they have long been discarded in practice. Federal regulation of virtually every aspect of local activities—down to the regulation of crops consumed by a farmer before they even leave his land—has uniformly been upheld by the federal judiciary

WASHINGTON and MADISON: Oh.

JEFFERSON: This comes as little surprise to me. Federal judges are, after all, creatures of the federal government and must owe it their appointment, advancement, and salary. The Constitution placed no checks upon them, and they are free to expand their powers as they wish. Inevitably, they become a federal corps of engineers working to undermine the independence of the states.

MADISON: We provided no checks, Thomas, because none were needed. The Constitution provides only for one Supreme Court and such inferior courts as Congress may—not must—create. As our friend Hamilton so ably pointed out, this merely allows Congress to establish a half-dozen or so federal trial courts. Six or eight judges and as many clerks are hardly a corps of engineers. He summed it up perfectly: the judiciary is "beyond comparison the weakest of the three branches," being given under the Constitution "no influence over either the sword or the purse; no direction either of the strength or the wealth of society."

WASHINGTON: Hamilton was right. I recall the difficulty I had finding a chief justice; of the four to whom I offered the position, three declined. I couldn't persuade anyone with a solid career as a governor or state senator to sit on a court that met in a basement room under the Senate chambers and ruled on obscure questions of state boundaries and treaty provisions. The judiciary is so weak that we should be more concerned with protecting it than with limiting its almost nonexistent powers.

PROFESSOR TORRY: How things have changed since your days! Today our federal judiciary numbers not only the Supreme Court but 144 appellate judges and 515 trial judges, not to mention about 7,000 other personnel. There is scarcely a state law or, for that matter, a criminal conviction that can be considered final until one or, more typically, several federal courts have given it their seal of approval. Federal judges rule on whether a local school may expel a pupil or impose a given regulation, on the propriety of welfare programs and building projects, and even on how many prisoners may be placed in a given county jail.

WASHINGTON: This is a stranger to any constitution I have read. While so expanding the power of that which we left unchecked because of its impotence, have you not imposed checks of your own devising?

This is a stranger to any Constitution I have read.

PROFESSOR TORRY: No, that would have been inconsistent with the system you gentlemen helped to create, and which we still follow.

MADISON: This becomes more confusing by the minute. But apart from all that, I cannot understand why there is a need for such a judicial expansion. Surely the legislature—which must, after all, examine legislation in detail—pays close attention to the Constitution and to the rights of people and states.

PROFESSOR TORRY: Unfortunately, Congress has become quite overloaded. Debate over a nearly trillion-dollar budget consumes most of its time, and all other bills are enacted after at best a cursory debate in which few members take part. Almost no one actually reads the bills he is voting on, and often legislation is more the product of congressional staff than of the members of Congress themselves.

Congress often lacks the expertise to write a comprehensive code for citizens to follow, so it simply enacts general statements of policy and then delegates to administrative agencies the power to translate these policies into regulations and punish violations in their administrative courts. This saves Congress the trouble of deciding the details of legal codes and lets the actual decisions be made by persons uncorrupted by popular pressure. Frankly, the constitutionality of legislation is virtually never raised in Congress and, if raised, would likely be taken as a mere cover for the real objection—usually harm to some particular interest group.

JEFFERSON: As I live and breathe, professor, you do not live under any constitution we drafted, let alone one hallowed by time or the genius of our people. The system you describe is infinitely more corrupted than that of Great Britain. It is tory, it is base...

WASHINGTON: What our friend means to say is that perhaps the survival that you mention is not attributable to paper guarantees but to the very foundations of the nation. A republic perishes when it must draw upon the mobs (rich or poor) of its cities, men with no independence, no discipline, no strength, and no tradition—except perhaps a hatred for any who have such, and a desire to impose upon such persons the tyranny the mob feels in its own heart. We founded our republic upon freeholders of land, persons tied thereby to the community, persons able to support themselves and thus maintain an independent stance toward the government. Whatever a mob might do, these freeholders will not allow their own independence, liberty, and property to be tampered with.

PROFESSOR TORRY: Well, we have long since moved past the primitive, rural stage; over three-quarters of our population is now urban and proud to be cosmopolitan. Frankly, we rather look down upon the parochial "redneck." We are proud to boast that over three hundred billion dollars a year is used to support depressed urban areas that lack agriculture, industry, or any other means of production. Today the national government supports arts and music, parks and industry, and in fact employs over three million persons.

MADISON: Three million agents of the federal government? That is more than the total population of America in our time! But surely few of these persons are landowners?

PROFESSOR TORRY: True, but in many cities almost no one owns land, and all are heavily dependent upon one government program or another. In any event, the electorate is much broader than in your day; we view limiting the vote to property-owners as discrimination based on wealth.

JEFFERSON: A strange view, considering

that we set the limits so low that the poorest farmer could vote and the wealthiest merchant or speculator, who was unwilling to tie himself to the land, could not. We linked the vote to land, not to money, since ownership of land alone ties a person to the community and gives him independence. We wanted no mobs fed upon government patronage, no cries of *"panem et circensis."*

PROFESSOR TORRY: We have long since moved past that stage; the District of Columbia recently extended its franchise to persons who sleep on heating grates and lack even a mailing address. The vote is, after all, a universal right.

JEFFERSON: Curious that you would still deny it to a youth of independence and intelligence. I have heard enough. We know what must be done, do we not, gentlemen?

MADISON: Strange it is for me to speak these words, for I argued long against this idea in my own time—but let a constitutional convention be summoned, and the sooner the better.

PROFESSOR TORRY: But you would be upsetting the system under which this nation was created, the traditions, now sacred to us...

MADISON: By your own words, that has already been done. The system you describe bears no relation to any that we created, except in its name—the same resemblance that the Rome of Scipio Africanus bore to that of Tiberius. One name was that of a nation, the other that of a mass of persons thrown into a common area. The Constitution as we created it is all but destroyed; we must act with haste to preserve it.

JEFFERSON: What is there to fear? The power of the states? The power of the people? We fought the most powerful nation in Europe for six years on less provocation. Your convention would not have to draft a constitution—its function would be to draft and submit to the states a small number of amendments. If that is beyond the power of your people, then surely it is likewise beyond their power to rule themselves.

PROFESSOR TORRY: But that would be revolutionary!

JEFFERSON: Precisely. But when government abuses its powers in pursuit of despotic aims, it is a people's right, it is their duty, to throw off such government and to provide new guards for their future security. Are you not familiar with our Revolution of 1776?

PROFESSOR TORRY: But this is unconstitutional.

JEFFERSON: Strange that you invoke that term now, when it escaped you while describing all those corruptions.

MADISON: In any event, professor, you are wrong. The Constitution provides for the calling of a convention to amend it if two-thirds of the states apply for such. It is their perfect right, one we inserted for

We fought the most powerful nation in Europe on less provocation.

Th Jefferson

a good reason—that Congress might someday refuse necessary amendments because doing so would limit congressional power and privilege.

PROFESSOR TORRY: But this would be so radical...

JEFFERSON: Opposition I can stand; hypocrisy I cannot. The real radical changes have already been forced upon Americans, and to their obvious harm. If we had ever dreamed that the delicate balances between the prerogatives of the states, the rights of the people, and the very limited powers of the national government were to be destroyed, that the government we meant to serve the people would instead swallow them, that a branch so weak as to need no checks would instead become an unelected Venetian Council, we would have imposed appropriate protections. Instead, it seems, the checks we created have been destroyed, the powers we left unchecked have been expanded, and now you plead respect for our handiwork to justify its further vitiation.

I see no risk at all in calling a convention. What more powers could the national government obtain, should a convention be so debased as to propose such an amendment? What it does not have now, it can have for the asking. Let us suppose that a convention were to will such a grant. The one surviving protection of the states—equal representation in the Senate—is one of the few things that the Constitution says a convention may not amend!

MADISON: And in any event, amendments proposed by the convention must, like those proposed by Congress, be approved by no fewer than three-quarters of the states before they become law. The states—let alone three-quarters of them—are hardly likely to ratify a surrender of their own power. I see no risk and a possibility of great gain.

Professor, there was a movement to call a convention in our own time, led by Patrick Henry. I opposed it because the Constitution had not yet had time to prove itself. Have there been similar calls since?

PROFESSOR TORRY: Fairly frequently. And some came dangerously close to passing. In the 1950s there was a call for a convention to limit federal taxes, which came within two votes of the necessary number; in the 1960s a drive for an amendment to override certain reapportionment decisions came within one state; and in the last decade only a few more votes would have been needed for a convention to pass a balanced-budget amendment. All were fought with great tenacity by the national government.

The challenges were simple; the state resolutions generally called for a limited convention. Some even tried to define the exact words that any resulting amendments would bear and to revoke the state's consent if the wording was changed. Obviously, where the different resolutions used different terms and placed different conditions upon the proposed convention, it was difficult to determine whether any proposal had the necessary two-thirds support. Moreover, the Justice Department (which obviously had great reason to resist any lessening in federal powers) argued that the calls for a limited convention were not proper.

MADISON: A remarkable conclusion! If these modern tories felt a general convention was a drastic process, they surely could not have honestly believed that we would deliberately force it upon future Americans when a less drastic means, a limited convention, would do. But putting all this aside, if the limitations of the convention were improper, it seems that the call for a convention is not. Why did they not conclude that the states had indeed called a convention of

the nation, but that the limitations put on the convention were improper?

PROFESSOR TORRY: They concluded that a call for a limited convention was the same as no call for a convention at all.

JEFFERSON: The tyrant, as Raleigh observes, betrays himself by his sophisms. Professor, we are indebted for your assistance. Gentlemen, how shall we proceed?

WASHINGTON: I am no lawyer, but it seems that to achieve a limited convention we must call for a general one, with a provision limiting the convention, to the extent it can properly be limited, to certain objects. Our opponents will be trapped; to oppose a limited convention would be to force a general convention, which they will fear still more.

At that point, I believe we would find not a voice raised against limited conventions. Not that I believe there would be any great risk with one. As you gentlemen have observed, the convention merely proposes amendments; to become final any amendment must be ratified by three-quarters of the states, which is a most exacting barrier to any but the most sensible proposals.

MADISON: We faced that barrier with the Bill of Rights. Any drafter of an amendment must keep in mind that if it displeases only a quarter of the states, it will fail, and his time will have been wasted. The real check on radical or dangerous innovations was never the Congress but the states.

What the convention should have as its object is a more difficult decision. Yet if the General has offered good legal counsel, perhaps a lawyer may suggest the tactics. There are many objects we could include, but the more we list the more we stir those who have profited by the decay of the Constitution. The ideal would be one amendment that would retransfer the vital powers of government to the states. Once this is gained, our other desiderata will come in due course. Our opponent is strong; we must strike for the heart rather than try to weary him with many assaults.

At the same time, we can afford to speak in broad terms. We are fixing the agenda for the convention, not writing the precise terms of the amendments. We might even want to leave room for the convention to propose various amendments along these lines, allowing the states to select which one they prefer. And we should fix a time and a place for meeting in the event that Congress fails to act on the application.

JEFFERSON: The key to the federal position seems to lie in the power of the national government to bind the states by its most casual decrees, without any reciprocal check by the states. Thus a bill passed by Congress in deference to a single member's interests binds all the states, while the most considered action of all the states cannot abate the most trivial federal action. If this is changed—if the states, acting in concert, are empowered to both enact and repeal laws at the federal level—we may yet revive something resembling the Constitution of 1787.

MADISON: My drafting may not meet with your complete approval, gentlemen, but how does this seem:

APPLICATION FOR A CONSTITUTIONAL CONVENTION

1. The (insert legislative body) of (insert state) hereby makes application to the Congress of the United States, in accord with the provisions of Article V of the Constitution of the United States, to call a convention to draft and propose amendments to that Constitution. To the extent permitted under that Constitution, and not otherwise, such amendments shall be limited to the following, which may be subject to such exceptions as the convention deems appropriate: Amendments providing that a designated bill, resolution, or proposal for a bill or resolution shall become a law of the United States, or a law of the United States shall be repealed or modified, upon approval by a proportion of the states, such proportion being greater than a majority of the same.

2. This resolution shall be deemed an application for a convention to encompass either the above amendment or a group of amendments on this subject.

3. Unless the Congress shall first elect otherwise, the convention shall begin six months from the date that any application for such convention shall first be approved by the required number of states; it will be held in the capital city of that state which then contains the population center of the United States; and each state shall send three delegates elected by its legislature. Each state shall have one vote, and a majority of the delegates sent by the state shall be sufficient to cast its vote.

4. The governor shall transmit certified copies of this application to the President of the Senate and the Speaker of the House of the United States, and to such other officials as may be deemed proper recipients of such application.

WASHINGTON: You seem to have singled out the point at which they are weakest, but the conquest of which will inflict the most damage on their position. Our opponents will be forced to argue to the state legislatures, which must vote upon this application, that they are untrustworthy while federal authorities are infallible. It is hard to argue that a law that has met the approval, not of one legislature, but of perhaps two-thirds or three-fifths of the state legislatures, should not be enacted as a true "law of the United States." I think the amendment would open the door to some very interesting possibilities.

JEFFERSON: It would open up the solidified mass of federal power that is strangling the states, much as breaking up encrusted soil opens the way for new and more vigorous crops. If the states do not rally to cast off their chains, then indeed they deserve them.

MADISON: Beyond this, we may achieve our object without the convention ever being called. You doubtless remember how Patrick Henry stirred the states with his call for a second convention, only a year after the first? I fought him then, yet his efforts forced the adoption of the Bill of Rights. The threat of radical reform does much to concentrate the minds of legislators.

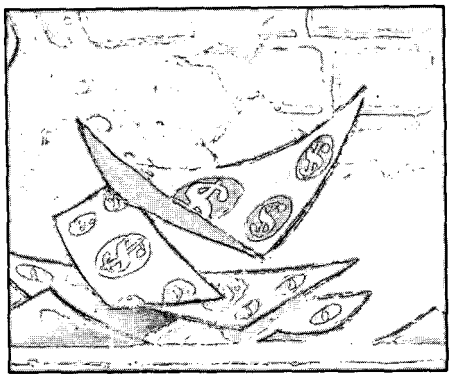
WASHINGTON: Let a dozen states apply for a convention, and Congress will no longer menace their rights; let the two levels of government serve as checks on each other, and the individual's rights will be better observed by each. This short resolution holds much potential, gentlemen, for those who love freedom.

[TRANSCRIPT ENDS ABRUPTLY]

Director's note: *Running of the INTELRECON program was terminated at this point pursuant to personal requests from a number of members of the Bill of Rights Bicentennial Commission. These members maintained that the program, however accurate, was no longer fulfilling its aim of providing "a quality constitutional experience" and was instead promoting action based upon anachronistic views. They expressed concern that, were the results to be made public, calls for a convention would be made. Since the described convention would not be held in Washington, its members would be selected by the 50 state legislatures, and each state would have an equal vote, it would be most difficult to establish necessary federal control over the proceedings and the results might imperil the power and prestige of persons whose support is important to this project. The program was accordingly terminated. This office awaits further instruction.* ◧

David T. Hardy is an attorney. He has written on the Second Amendment and various other subjects.

Brother, Can You Spare a Sack of Money?



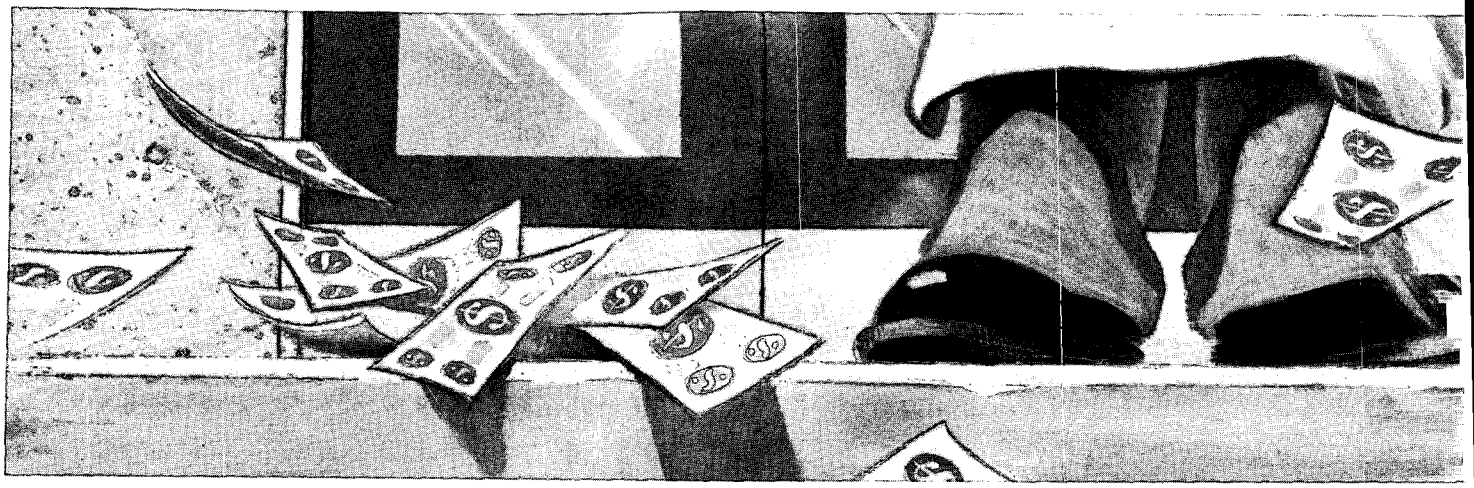
Ever pay 50,000 pesos for a candy bar? Bolivians did.

Americans, like so many people, are given to complaining about the state of the economy. Presidential elections turn on the issue; incumbents are in grave danger if the annual inflation rate reaches double digits. And news of hyperinflations around the globe—1,100 percent in Argentina, 370 percent in Israel—produces disbelieving stares.

Try, then, to imagine the situation in Bolivia just a few months ago. Double-digit inflation would have been a blessing—the inflation rate last January reached an incredible 116,000 percent. And though new President Victor Paz Estenssoro has calmed things down a bit with his bold austerity program, the Bolivian disaster provides a rare glimpse into the causes and consequences of out-of-control inflation.

For one thing, people take to carrying their money in bags, sacks, or publicly

by Julio Cole



visible bundles. This is perhaps the quaintest aspect of hyperinflation, giving it a colorful, almost picturesque flavor. Foreign visitors derive much mock-horrified amusement from the spectacle of men and women walking down the street, sacks of money swung over their shoulders. But for Bolivians, this sad situation was no laughing matter; inflation becomes an inescapable fact of everyday life, to be coped with the best way one can.

Though the severity of Bolivia's recent inflationary nightmare may be difficult to comprehend, there is really nothing mysterious about its origin. This latest calamity visited upon this unfortunate country is just another example of politicians ignoring writer Henry Hazlitt's famous lesson of economics: "The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups." Bolivia's experience is a textbook case of how short-sighted monetary policy and political instability can combine to destroy an economy.

Yet most observers and commentators follow Hazlitt's sage advice no more than Bolivia's politicians. The extraordinary developments of the past few years—hyperinflation, the Latin American debt crisis, the turbulent rule of a leftist coalition led by Dr. Siles Zuazo, growing social unrest—diverted analysts' attention from the very foolish government policies of the 1970s that were the real cause of the disaster in Bolivia.

The problems that plagued Bolivia are the inevitable outcome of policies adopted in the relatively quiet '70s and the failure of governments of different ideological stripes to take corrective action. The reluctance of governments to make tough but necessary decisions and their stubborn "live for today" attitudes only postponed the day of reckoning and were responsible for the Bolivian catastrophe.

Smuggling is tolerated, even honored; speculation in scarce essential goods is rife.

The dark cloud of inflation was seeded in Bolivia in the 1970s. Between 1972 and 1979 the government increased the money supply by a factor of 4.5; not surprisingly, domestic prices quadrupled. Despite this domestic inflation, the government clung tenaciously to a policy of stabilizing the external value of the country's currency, the peso, maintaining at all costs an exchange rate of 20 pesos per dollar.

By 1977, the evidence that the peso was far overvalued was unmistakable. Though the peso's internal purchasing power had declined by 50 percent since 1972, it still bought the same amount of dollars. Compounding Bolivia's troubles was a rapidly increasing foreign debt load. Between 1974 and 1979 the nation's external public debt rose by almost $2 billion.

Neverthless, Bolivia's economy was still salvageable in the late '70s. It was down, though by no means out. But at a time when economic realism was an absolute necessity, Bolivia struggled under seemingly endless transition governments. To make a very depressing story short, from 1978 to 1982 the country had three general elections and an astounding 10 governments, three civilian and seven military.

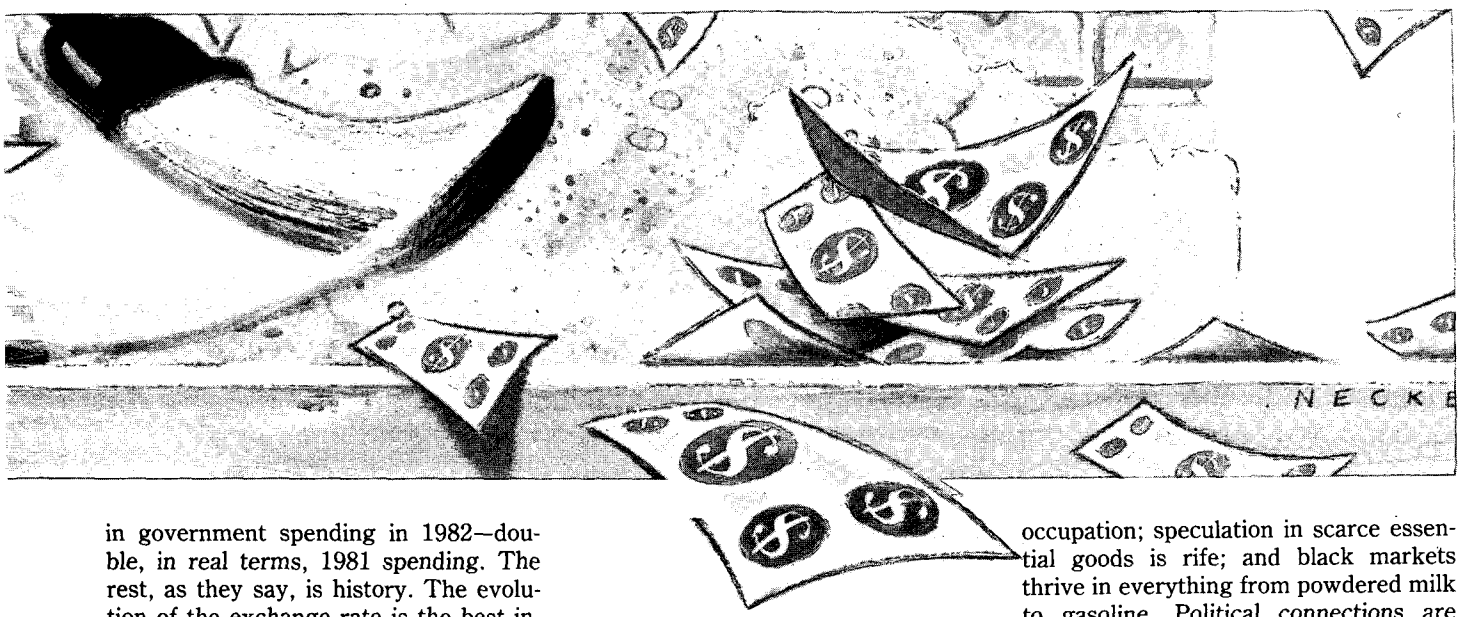
Neither the feeble elected governments nor those that seized power by military coup were willing or able to face the hard choices confronting the country. As a result, the insidious evil of inflation was allowed to follow its natural course.

One civilian president, Mrs. Lidia Gueiler, made courageous but inadequate efforts to devalue the peso by 25 percent, but it remained wildly overvalued. And the staggering foreign debt mounted. Finally, in August 1981 the inevitable happened: a check drawn by the Bolivian Central Bank on a New York bank was rejected for lack of funds.

In early 1982 the government devalued the official foreign exchange rate of the peso to 44 pesos per dollar. Though labeled a "floating exchange rate" (ironically, on the same day as the official Day of the Sea), the new set-up was in fact a dual exchange rate. A new free-market rate, which increased to 200 pesos per dollar by October, was permitted in addition to the official rate of 44.

Alas, the government made yet another tragic mistake. Though imports were sold at the free-market rate, exporters were required to exchange 40 percent of their proceeds at the Bolivian Central Bank at the official rate. So exports, the ultimate supply of foreign exchange, were discouraged.

Finally, there was an inordinate surge



DAVID NECKER

in government spending in 1982—double, in real terms, 1981 spending. The rest, as they say, is history. The evolution of the exchange rate is the best indicator of the course of inflation:

	Official Rate (pesos to dollars)	Free-Market Rate
11/82	200	220
2/83	200	380
6/83	200	500
11/83	500	1,000
1/84	500	1,700
3/84	500	3,500
4/84	2,000	3,500
8/84	2,000/ 5,000	9,000
9/84	5,000	15,000
12/84	5,000	25,000
1/85	5,000	50,000/ 100,000
5/85	75,000	500,000
8/85	75,000	1,500,000

By this time the country was swamped in banknotes, which had to be lugged around in string-tied bundles. Even small to medium transactions posed problems. Given the practical difficulty of counting 25 million pesos ($50) in 1,000-peso notes, money received in payment had to be accepted with some degree of faith. Not a few abuses (and fistfights) resulted.

In spite of these difficulties, most transactions were carried out in cash, and checks were only rarely used for special types of payments. Interestingly, the use of checks declined even before the onset of hyperinflation, largely because a series of bank strikes in the early '80s eroded public confidence in these institutions.

As in most inflationary episodes, inflation was not an unmitigated disaster for everyone. Businesses lucky enough to obtain peso-denominated loans profited handsomely—at the 200 percent yearly interest rates prevailing in January 1984, bank loans were very nearly outright cash gifts. And foreign money-printers were ecstatic—the government purchased more than $20 million of paper money from West German and British printers last year, making currency Bolivia's third-largest import.

The country is swamped in banknotes, which must be lugged around in string-tied bundles.

But the beneficiaries of hyperinflation are few. For the many, survival depends on success in the underground economy. Cocaine traffic is the most notorious example, though the number of Bolivians involved in this is highly exaggerated.

The Bolivian case is a particularly vivid example of what happens to people's lives in such dire inflationary circumstances. Almost everyone participates in some kind of officially illegal or extralegal activity. Public employees supplement their incomes by graft; smuggling is a tolerated, even honored, occupation; speculation in scarce essential goods is rife; and black markets thrive in everything from powdered milk to gasoline. Political connections are capital assets, helpful in obtaining an extra 100-pound bag of sugar at the official price, a license for a smuggled car, or even "official" dollars for a trip abroad.

Bolivians learned to live by their wits; but inflation is a negative-sum game, and the struggle is eventually a losing one. Some got richer, but most got poorer, and Bolivia as a whole suffered greatly. The middle classes were forced to draw on their meager savings from earlier, better years, and the country as a whole depleted its stock of physical capital. Industrial machinery went without repair or maintenance, vehicles stopped rolling for lack of parts, wear and tear slowly eroded the entire fixed-capital structure. Businesses had little incentive to invest in productive capacity, and cash flow was directed toward more liquid and speculative investments.

The new government of President Victor Paz Estenssoro, formed in August 1985, is making a bold effort to revive the Bolivian economy. Exchange controls have been abolished, state companies are being decentralized, price supports for food and petroleum have ended, and state workers are being laid off. Though the trek back to economic health will be long and arduous, Paz's courageous measures are already bearing fruit. Prices of various goods, including staples such as eggs and beef, are actually *declining*. Whether Mr. Paz can stem the damage wrought by years of foolhardy economic policies is uncertain. One sincerely hopes so, as success in Bolivia could well serve as a model of what a market economy can do for other South American nations. ◻

Bolivian Julio H. Cole is a visiting professor of finance at the Universidad Francisco Marroquin in Guatemala.

Wife left you? Boss fired you? Don't worry—some bureaucrat thinks you're worth a million bucks.

Know Thy Worth

Knowing your own worth can be very useful, as in, "Mrs. Bidwell, I know I can't offer your daughter a fancy house, expensive clothes, or a personal computer to help our kids get into college, but the Occupational Safety and Health Administration does appraise me at $3.5 million." Know your worth, or at least have it written down somewhere—that's an axiom to live by.

Here's how you can determine your own value: Pretend that you are pigeon hunting in lower Manhattan. You stalk the sidewalks of Vesey Street accompanied by your guide, your carriers, several useless servants whose presence is stipulated by the union, and your loving spouse. Just on the far side of Syms Men's Store ("Where an Educated Consumer Is Our Best Customer"), you spot a prize pigeon knecking its way innocently toward some crumbs. One of the natives quickly hands you your pigeon rifle, but as you line the bird into your cross hairs, 10th-grade biology streams through your consciousness.

You remember the laws of natural mutation. One pigeon in 10,000 has, by freakish accident, been given the mind of Bernard Goetz. If you try to shoot him, he'll pull a magnum from under his wing and blow you away (see "Pigeon Vigilante Slaughters Brokers," *New York Post*, Jan. 12, 1985). At that moment, with a 1 in 10,000 chance of death staring at you through your scope, how much

by David Brooks

Illustration by Gwyn Stramler

money would you give to determine whether that particular pigeon is a Bernard Goetz mutation?

Personally, if I were faced with a 0.0001 chance of death, I'd pay about $500 to get out of it. It follows that if I were faced with a 0.001 chance of death, I'd pay $5,000 to get out that. And, tracing the quaint laws of math to their conclusion, we can determine that I would pay $5 million to avoid certain death. I appraise myself at $5 million. I think that's a fair price; if anybody kidnapped me and asked for more than $5 million, he'd find himself in a buyer's market.

To put it simply, take the amount of money you'd spend to avoid a 1/10,000th chance of death, then multiply it by 10,000, and you will have determined your worth.

This sort of thinking is obviously farcical, a quality that accounts for its many practical applications. For example, consider bureaucrats at OSHA mounting a new regulatory assault. They can use it when they then have to go out and cook up a methodology that justifies their new regulatory program to the Office of Management and Budget (whose slogan is "We've Got Money, and Plenty of It").

First, the OSHA types figure out how much the regulation is going to cost, and then they multiply it by 10 (that's their fee). Then they've got to draw up the value of the benefits, somehow ensuring that the benefits are more than the costs. Part of the benefits (real or imaginary) often consist of saved lives.

Initially, OSHA tried to persuade OMB that any regulation that saves lives should be approved, because human life is precious. But OMB didn't buy that for one minute—"If human life is precious, how come there's so much of it lying around?" So OSHA had to go out and place a monetary value on human life. And it had to be a value that's high enough to justify all sorts of regulations.

Suppose OSHA decides that henceforth all pimento bits must be glued to the insides of the olives, because unglued pimento bits tend to fall out of the olives, onto the barroom floor, and bartenders keep slipping on them and skewering their arteries on misplaced club sandwich toothpicks. It costs $70 million a year to glue pimentos into olives (genetic

One pigeon in 10,000 has, by freakish accident, been given the mind of Bernard Goetz. He'll pull a magnum from under his wing and blow you away.

engineering's attempts to produce prepimentoed olives have so far resulted in Greek crabapples). At the same time, one bartender in 10,000 (or maybe 10 zillion, but let's not quibble) dies every year in a pimento-related accident. That's about 40 bartenders a year. The question OSHA must ask (not necessarily with any intellectual rigor) is, Is it worth $70 million to save 40 bartenders?

To answer, you and I would insist on sampling the respective talents of each of the 40 bartenders—extensively, if necessary. But the OSHA professionals, mindful of the fact that four drinkers in a google are killed each year by rabid Tequila worms, refuse to take the risk of going into a bar. They meditate safely in their air-filtered offices protected by bullet-proof vests and corrosion-proof goggles (typewriter keys have been known to bounce off cylinders, massacring innocent office workers), quietly trying to figure out how 40 bartenders can be worth $70 million.

The courts are not much help. The average award for deaths caused by industrial negligence, including among bartenders, runs about a quarter of a million dollars. The really big awards that you read about in the paper are usually levied against surgeons who confuse nose jobs with mastectomies.

Similarly, chemistry offers OSHA little aid. Estimates of the chemical value of the body range from 95 cents to about $50, although people who can drink milk and sweat diamonds are worth considerably more.

And my own solution—to take the average of what Leo Buscaglia thinks you're worth and what your teen-age daughter thinks you're worth—has already been rejected by top-level bureaucrats.

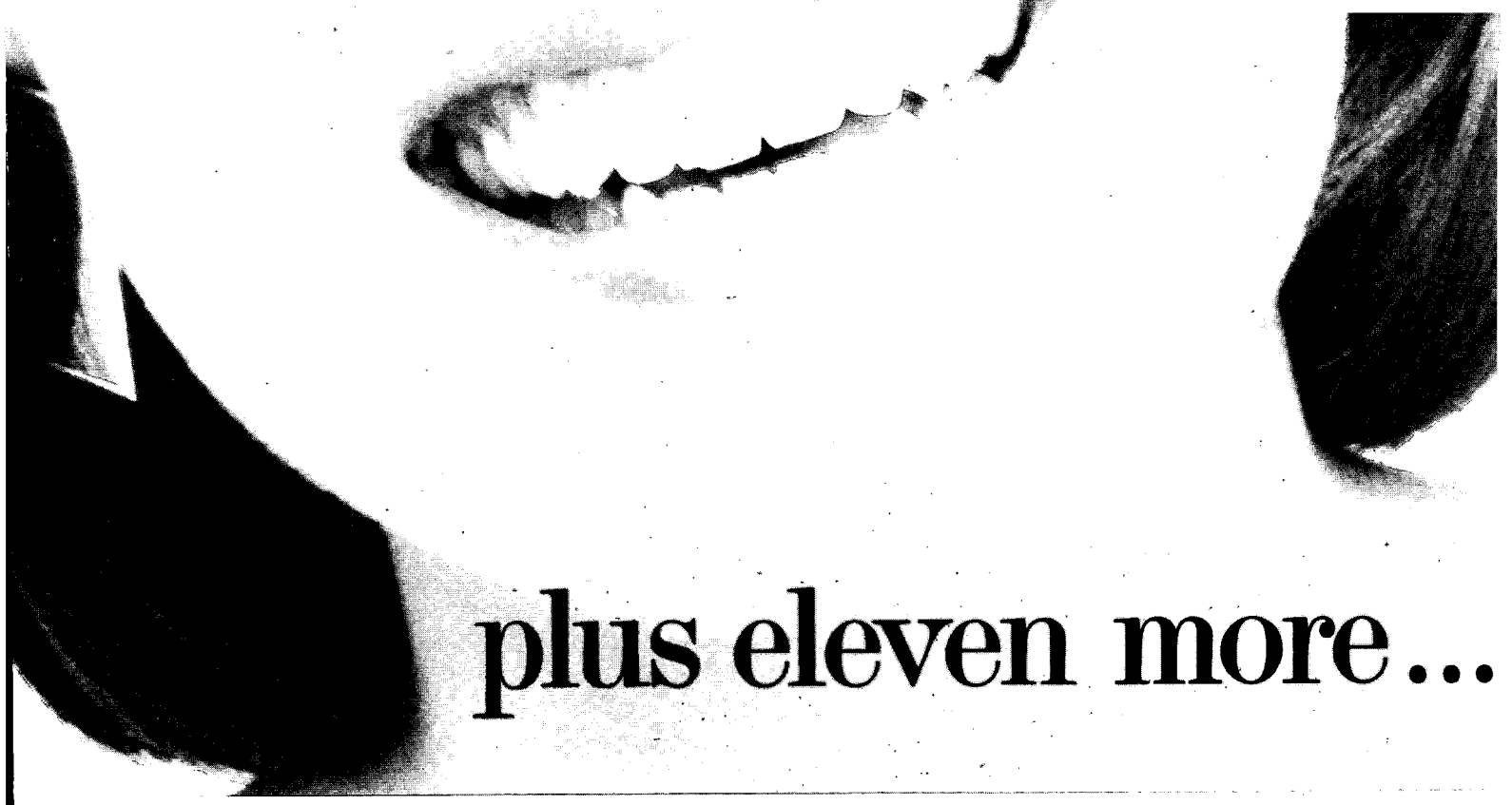
So OSHA people find themselves in a bind. They have trouble justifying expensive regulations on the basis of a few lives, especially when they know deep in their hearts that someone might come along and point out that the money spent on those regulations might be spent elsewhere to greater effect—even by the very taxpayers it would have to be taken from. Who knows; it could be that, with Uncle Sam's hand in his pocket, some poor taxpayer won't have enough money to mend those broken stairs (OSHA's friends over at the Consumer Product Safety Commission know all about that one).

But all this does not deter the folks at OSHA (Where an Educated Taxpayer Is Our Worst Enemy). Unreliable sources have confided to me that a bunch of OSHA bureaucrats periodically get together and create an absolute scale of human worth, based on occupation. The scale relies on all sorts of multivariate regression techniques and ranges from the least-valued members of society—prisoners on death row—all the way up to OSHA bureaucrats. The rest of us are squeezed into the tiny space in between.

Personally, I'm content with this state of affairs. Of course, I'm not delighted that OSHA has spent hundreds of my tax dollars fudging up statistics that prove I am worth far more than I really am. But on the other hand, think of all the money I might have otherwise spent on psychiatric treatment. Whenever I feel a twinge of self-doubt, I call up my fans at OSHA and ask them to appraise me. They tell me I'm worth the sun and the moon. It makes me feel good. It gives me reason to go on living. I walk with my head a little higher. And I'm a little more careful around unglued olives. ◻

David Brooks is an editorial writer for the Washington Times.

One terrific reason for giving this season...



plus eleven more...

Is this the radiant smile of a woman who's just received a monogrammed potholder? No! Some generous and supremely classy guy or gal has just given this lucky lady the gift of REASON. Eleven issues packed with no-holds-barred reporting and iconoclastic commentary on political and cultural events are hers. Our low holiday rates for a whole year of REASON make it the best bargain of the season. It's a great gift for your friends. (And if you don't have any friends, giving the gift of REASON is a great way to make some!) To place your order today, just dial the toll-free number below. Happy holidays!

DATATEL
#1-800-341-1522
8AM-9PM EASTERN

In Maine call COLLECT
1-800-236-2896

'Tis the season to give Reason!

By Warren Salomon

Go for the Gray

There are two time-honored ways to play the year-end tax game—smart and reckless. If you're smart, you'll go for the gray; if you're reckless, you may go to the slammer.

See if this description fits: You're an honorable, self-supporting, productive individual. When the year's toil is done, you're given a W-2 (or 1099, or some other wretched chit), showing how much the feds have ripped you off, and you're sick of the whole rotten system. So you reach for REASON and eagerly turn to this column, hoping to discover some secret bit of free-enterprise lore that will make it all work out okay—a little magic, like a foreign bank account, or a mail-order preacher's license, or an overlooked but miraculously potent clause of the Constitution, or some special way to fill out your tax return so you'll be free to enjoy the fruits of your labors. Well, you're the reckless type, and you won't like what I'm going to tell you: Forget it!

The secret phrase to utter in Tax Court that will paralyze the judge and make the IRS lawyers run from the room in panic is nothing but a pipe dream. All you can really do is agonize over the fine print in the tax forms as you decide whether you can deduct your kids' acne medication. Tough, but that's the way it is.

The best thing you can do for the year now ending is to avoid the spectacularly stupid mistakes described below. Then, resolve that for the rest of your life you'll go for the gray.

Go for the gray? I'll get to it, but first let's discuss some examples of year-end tax stupidity. Their number is infinite, but here are a few of the more obvious ones:

- "aggressive" (that is, crazy) tax-saving schemes, which always fail in court;
- "abusive" (too-good-to-be-true) tax shelters (a topic worth a future column or two);
- fraud, which we'll discuss in later columns; and
- tax-protester activities, absolutely none of which saves taxes (but also worth some discussion in future columns).

You're groaning. Is there any hope? Sure. You can come away from any bookstand with a long list of items that are deductible on your income-tax return. But that's not where you can save the big bucks. All serious tax dollars are saved in the "gray areas."

Tax forms may look frightfully precise, but the law has lots of nooks and crannies. They're the gray areas, the hidden loopholes where the answers aren't clear, and they're the reason for the existence of tax lawyers. Knowing about and taking advantage of the gray areas is what professional advisors are for.

The secret phrase to utter in Tax Court that will make the IRS lawyers run in panic is nothing but a pipe dream.

For example, in a surprisingly large number of cases, it's a professional judgment call whether some asset you sold was a capital asset, the sale of which generates—you guessed it—capital gain. If it isn't a capital asset, its sale generates ordinary income (or loss, of course).

Consider an everyday transaction—a piece of land someone buys and sells. For that person it might be a capital asset, but maybe not for the outfit the land was bought from. Suppose the original seller subdivided a tract and sold a hundred identical lots. For him it was inventory; therefore selling it generated ordinary income. For the next owner it was an investment; thus its sale generated capital gain. But it's still the *same* piece of property! Now suppose you own a few of those lots and sell one or two. Where does that put you? In the gray area.

If you've got the right facts going for you, and if your lawyer can weave them into a plausible scenario supported by judicial precedents, and if he's willing to put it all in writing and sign his name to it, then you've got a shot at transmuting ordinary income into capital gain.

But at year's end it's already too late, and next April 14 is way too late. You need good tax advice at the very *beginning* of a transaction. You need to deliberately build the gray areas into your deals.

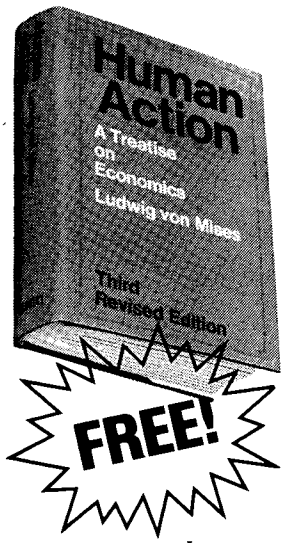
Okay, that's wonderful, but what can you do about the year that's ending now? It's probably too late to do much of anything except get with your advisors to do the traditional nickel-and-dime stuff. These things aren't very exciting, but they can add up to serious money, they're legal, and your accountant already knows what to do, so you don't need to run up any big legal bills. Here are some of them:

- Start an individual retirement account (IRA) if you haven't got one already.
- Consider a Keogh plan.
- Think about taking those painful stock market losses now, while they're still short-term.
- If you're getting married or divorced, do the tax computation both ways. (You may be better off by hastening your status change before the end of the year—or delaying it until next year.)
- If you're keeping your tax books on the cash basis (as opposed to the accrual method) try to shift income into next year. You know what to do—ease up on collecting revenue, speed up on paying expenses. But there are limits to this. For instance, it's December, and you decide to prepay your office rent. But how much can you get away with? One month? Why not. Two? More? That depends. At some point, your advance-rent deduction will be disallowed (if you're audited). A year's prepaid rent should probably be shown as an asset on your books, not an expense. In between is the gray area.

Whatever happens to this year's tax law, gray areas will always be there. And so will the opportunities to save money. So as the year fades away, take my advice and do two things: avoid recklessness, and go for the gray.

Happy new year!

Warren Salomon is an attorney in Miami.



"Perhaps the most important economic treatise of our time"

– WALL STREET JOURNAL

Human Action is the most compelling case for economic freedom ever made. It is the free-market answer to Marx's *Das Kapital* and Keynes's *General Theory*.

And it is fascinating. Mises is a cool logician, our greatest economic scholar, a passionate lover of freedom — and a passionate hater of those who would take it away from us. Thus *Human Action* is the economic masterwork of our age — and, at the same time, a soaring hymn to human freedom.

Mises has nothing but scorn for the phony "compassion" of the Marxians and Keynesians — because he sees how their theories actually breed suffering. One by one, he sweeps away the dangerous fallacies of liberalism and socialism.

Finally, this book is a warning. Just as man ignores the law of gravity at his peril, so too the immutable laws of economics. As Mises aptly puts it:

"It rests with men whether they will make proper use of the rich treasure with which this knowledge [of economics] provides them or whether they will leave it unused. But if they fail to take the best advantage of it and disregard its teachings and warnings, they will not annul economics; they will stamp our society and the human race."

The economic masterpiece of the century — in an edition worthy of its contents

Revised and updated by the author himself ☐ Massive 924 pages ☐ Comprehensive 21-page index ☐ Entirely reset — NOT to be confused with any previous edition

HUMAN ACTION

Triggers an Explosion of Critical Acclaim

"I think that *Human Action* is unquestionably the most powerful product of the human mind in our time, and I believe it will change human life for the better during the coming centuries as profoundly as Marxism has changed all our lives for the worse in this century." — Rose Wilder Lane

"If any single book can turn the ideological tide that has been running in recent years so heavily toward statism, socialism, and totalitarianism, *Human Action* is that book. It should become the leading text of everyone who believes in freedom, in individualism, and in a free-market economy." — Henry Hazlitt

"An arsenal of fact and logic for those at war with the Marxists and Fabians." — *Chicago Daily News*

"Dr. von Mises has made a tremendous contribution to economic thinking in a world that thinks only economics." — Vermont Royster

"[Mises] offers a combination of great scholarship and the rare ability to make an abstruse economic subject interesting." — Lawrence Fertig

"The finest economic treatise of this generation." — Raymond Moley

How to get this $37.50 masterwork FREE

How the Club Works

Every 4 weeks (13 times a year) you get a free copy of the Club Bulletin, which offers you the Featured Selection plus a good choice of Alternates — all of interest to conservatives. ★ If you want the Featured Selection, do nothing. It will come automatically. ★ If you don't want the Featured Selection, or you do want an Alternate, indicate your wishes on the handy card enclosed with your Bulletin and return it by the deadline date. ★ The majority of Club books will be offered at 20-50% discounts, plus a charge for shipping and handling. ★ As soon as you buy and pay for 4 books at regular Club prices, your membership may be ended at any time, either by you or by the Club. ★ If you ever receive a Featured Selection without having had 10 days to decide if you want it, you may return it at Club expense for full credit. ★ Good service. No computers! ★ The Club will offer regular Superbargains, mostly at 70-90% discounts plus shipping and handling. Superbargains do NOT count toward fulfilling your Club obligation, but do enable you to buy fine books at giveaway prices. ★ Only one membership per household.

CONSERVATIVE BOOK CLUB

15 OAKLAND AVENUE ● HARRISON, N.Y. 10528

Please accept my membership in the Club and send me, free and postpaid, Ludwig von Mises' magnum opus, *Human Action*, in the $37.50 Third Edition. I agree to buy 4 additional books at regular Club prices over the next 2 years. I also agree to the Club rules spelled out in this coupon.

R36

Name _____

Address _____

City _____ State _____ Zip _____

By John Dentinger

Epicurean Entrepreneur

Walking into one of Trader Joe's 24 Southern California specialty grocery stores is like walking into a South Seas trading post. Employees sport Hawaiian shirts; barrels and hatch covers serve as check stands; and the prices are comparably rustic. But not the quality—with bargains such as a quart of virgin olive oil for $2.89, a pound of French Brie cheese for $2.98, and good California wines for $1.99 a bottle.

Presiding over this eccentric grocery empire is Joe Coulombe. He is not the laid-back surfer one might imagine from his stores, but an energetic entrepreneur.

After earning his master's degree in business administration from Stanford University in the early 1950s, Coulombe was hired by the Rexall Drug Company to do research on their ailing retail chain, Owl Drugs. In the course of his research he discovered 7-Eleven stores in Texas, and it was this form of retailing that the young business manager used as president of a six-store, experimental Pronto Market chain opened by Rexall in Southern California. In 1961, when Rexall decided to drop the Pronto chain, Coulombe borrowed the money to buy the six markets, which he expanded to 18 stores.

Then, as he recounts, "in 1966, 7-Eleven came to California. I took one look at their balance sheet and one look at ours and decided I'd better get the hell out of the convenience store business. So I invented 'Trader Joe' and opened the first one in 1967 in Pasadena." They were such a success that he phased out the Pronto Markets, selling some of them to 7-Eleven.

The key to this entrepreneurial success had been a savvy projection of changing consumer tastes. "I designed Trader Joe to take advantage of two demographic trends. The first was the tremendously elevated levels of education in the US" after World War II. "As these people went into the job market and matured," he figured there would be "a change in public tastes away from the station-wagon culture of the 1950s, which had been dominated by *I Love Lucy* and *Gunsmoke*."

And Coulombe saw another catalyst at work. "I knew the jumbo jet, the 747, was going into production, and I felt it would radically drop the cost of foreign travel for Americans. We had observed in Pronto Markets that our customers who had traveled, just to San Francisco, had a greater tolerance for new things."

L.A. HERALD EXAMINER/CHRIS GULKER

Joe Coulombe, a.k.a. Trader Joe

So he picked the name *Trader* to evoke images of the South Seas. "Trader Joe from the beginning featured the exotic. All of our advertising has been literate, always written up, never down. It assumes an open mind and a desire, a thirst, for knowledge."

Part of the attraction of the stores is the humorous, informational soft-sell of the advertising and of the bimonthly mailer, "Fearless Flyer," whose copy Coulombe writes himself. An antique etching of two cows might feature word balloons with these gems: "Did you know Brie has parameters?" "Not if it's pasteurized."

And if you don't hurry in for the latest bargains the Flyer mentions, you may not be able to get them later. "We deliberately lack continuity," says Coulombe. He and his eight buyers snap up odd-lot bargains and pass the savings on to their customers. "We like to sell stuff that's a one-shot deal—with no intention of ever having it back in stock." This not only adds to the sense of adventure in shopping at Trader Joe's; it is the very flexibility that makes the low prices possible.

Changing with the times has kept Trader Joe's afloat while other, "full-service" supermarket chains have hit the rocks. When the chain first opened, much of the stores' business was wine and liquor. When the health-food movement gathered momentum, "without hesitation, we grafted raw milk right on top of bourbon." In 1977 and 1978 came the elimination of California's "fair trade" laws, which had kept retailers from discounting milk and liquor—items accounting for 50 percent of Trader Joe's sales. Coulombe had begun changing the operation even before the laws were struck down, becoming more of a food merchant, selling items of broad consumption but high quality, such as mayonnaise and cooking oil—"safflower oil, walnut oil, grapeseed oil, as opposed to Wesson oil."

Coulombe, who has been known to slip a free-enterprise comment into his advertising copy, doesn't do too much lobbying. But there are issues on which he's vocal, such as bills in the state legislature that would create monopolistic wholesale territories for beer and imported wines. "I believe in free people," he explains, "and I do not believe it is possible to attain political freedom without free markets. Whether you're a big corporation or not, in the long run you harm your own personal freedom if you go running to the government to solve your problems." He frequently votes for Libertarian Party candidates, he notes—not because he expects them to win, but to keep the party on the ballot and able to offer interesting political alternatives.

Coulombe likes to garden, hike, and listen to Mozart. But most of all, he is a voracious reader. He even has his kids bring home books they read at college. "The two books I always quote when I lecture at business schools are *The Revolt of the Masses* by José Ortega y Gasset, and *The Guns of August* by Barbara Tuchman. I just finished reading Jean Renoir's biography of his father." Not the reading of the average businessman? "I don't think the cultural stereotypes of businessmen have kept up with the facts."

John Dentinger is a free-lance writer and a columnist for the LA Daily News.

How to Overcome Your Fear of Public Speaking, Flying and Other Phobias in Minutes

You Can Now Cure Your Phobias and Fears in Five Minutes or Less with Powerful New Treatment Praised by Prominent Doctors

Your heart is pounding, your palms are sweaty, and the old self confidence that got you this far in life has suddenly disappeared.

You are about to make a speech to a group of people in your industry. You thought you knew exactly what you wanted to say. And it sounded fine when you rehearsed it at home. But somehow you know it's not working. You can tell you are losing your audience with each word you say. This feeling is devastating to those who fear public speaking the most. Sound familiar?

If so, you have plenty of company. The most common fear is speaking before a group. According to a survey published in Current Opinion, Americans are more afraid of public speaking than illness, poverty, and even death.

Any fear, when it is intense enough that it controls actions and behavior to any degree is considered a phobia by professionals.

Phobias are the number one mental health problem in this country today, according to the most comprehensive survey of mental illness ever done. The experts indicate nearly one in seven people have a phobia. However, overcoming a phobia has always been the toughest of all disorders to treat according to Dr. Darrel A. Regier, who headed the survey for the National Institute of Mental Health.

Phobias and fears so severe they control your life can take many forms. Flying, the second most common phobia, affects over 20,000,000 Americans according to a study done by Boeing. Other phobias include: heights, tunnels, elevators, open places, moving, impotence, animals, telephones, crowds, darkness, disease, ghosts, insects. There are presently 178 known phobias. And new ones are being identified all the time.

You no longer need to suffer. A new book, FIVE MINUTE PHOBIA CURE by Roger J. Callahan, Ph.D. provides the help you need.

The author suffered himself from phobias for many years. He was a phobic child. Even his doctoral dissertation was on childhood phobias. His search led to the Five Minute Cure which has produced dramatic results with over 1,000 phobics successfully treated over a five year period, with an 85% success rate. Dr. Callahan has been able to affect these cures safely and painlessly, and without drugs of any kind. Imagine—no more months or even years of painful and expensive treatment. It's no wonder many phobia sufferers try traditional treatment for a brief time and then give up in frustration.

What Doctors Say

"Five Minute Phobia Cure has been responsible for restoring normal lives to those who have been restricted and crippled by phobias." *Harvey M. Ross, M.D. Author of* Fighting Depression and Hypoglycemia *Los Angeles, CA*

"Having utilized Dr. Callahan's treatment with my own therapy clients, I am overwhelmingly impressed by its speed and effectiveness—far surpassing any phobia treatment of which I have knowledge." *Nathaniel Branden, Ph.D. Author of* Disowned Self and Romantic Love *Beverly Hills, CA*

"My patient had severe phobic response to dust and contamination for 35 years. Engaged in compulsive hand washing, clothing, surroundings 10-12 hours a day. Five Minute Treatment cured her." *Joyce Shulman, Ph.D. Beverly Hills, CA*

"Have found results of Dr. Callahan's . . . technique amazing. Patients leave office feeling euphoric. Extremely valuable technique for all members of the health care community." *Dr. James D. Hogg Rock Island, IL*

"These techniques for the treatment of phobias will undoubtedly require psychologists to re-examine our theoretical understanding." *Lawrence Onodo, Ph.D. Reseda, CA*

"Revolutionary treatment for phobias and tremendous adjunct to other therapies presently in use." *Luanne Ruona, M.D. Psychiatrist Author of* Total Glow *Washington, D.C.*

What Others Say

Public Speaking. "Was terrified of speaking. Now able to address executives without fear." *Vaughn E. Kraft Anaheim, CA*

Flying. "Flew home . . . took 10 hours . . . no longer feel nervous about flying." *Vicki Blair Perthshire, Scotland*

Elevator. "Tested results on elevator—feel none of the usual anxiety." *Linda Hall Long Beach, CA*

Heights. "Feared heights since childhood. Now able to look out a 9th story window without fear." *William Perry Anaheim, CA*

Water. "Was fearful of water. Was treated psychologically for 1½ years without change. Five Minute Treatment cured me at once." *Mary Ford Los Angeles, CA*

Spiders. "Had severe fear of spiders since childhood. After treatment could even play with toy spiders." *Deborah George Southfield, MI*

Heights. "After five minutes, my life long fear simply vanished." *Karl Hess Kearneysville, WVA*

Yes, the great news is that you don't have to live with your phobia any more. You don't have to suffer the rest of your life in silence. This incredible new cure takes only a few minutes and is totally painless! The publishers are so sure it will work for you that they offer a 100% money back guarantee on your modest investment.

And, it certainly appears the cure is lasting. Years have passed since Dr. Callahan treated his first patient. Those he still is in contact with show no recurrence of their phobias.

The book shows you the step-by-step procedures. It is completely illustrated. You can do it yourself, or a friend or loved one can do it for you, or you for them. The FIVE MINUTE PHOBIA CURE is also safe and painless. And no expensive or possibly dangerous drugs of any kind are required.

Don't suffer any longer. Order now!

MONEY BACK GUARANTEE

Please rush me a copy of the FIVE MINUTE PHOBIA CURE by Dr. Roger Callahan at $12.95 plus $2.50 book rate postage and handling. Add $4.50 additional for faster UPS shipping and handling. Book is shipped in plain wrapper. If I am not delighted with the book after having it for up to 30 days, I may return it for my money back.

☐ Send via book rate, total $15.45
☐ Send via UPS, total $17.45
☐ Enclosed is my check or charge my:
☐ VISA ☐ MASTERCARD ☐ AM EX

Card No. _____

Exp. Date _____ Initials _____

Name _____

Address (street address needed for UPS) _____

City _____ State _____ Zip _____

Mail to: *Enterprise Publishing Co.*
725 Market St., Dep't. RE61P
Wilmington, DE 19801

P1017 © MCMLXXXV Enterprise Publishing, Inc. Price, $12.95

Assault on the Passions

By Tibor R. Machan

One of humanity's least heralded traits is passion. Sexual passion, especially, is held in low esteem. Those who doubt this statement might point to the popularity of *Playboy*, *Penthouse*, and peep shows. And therapists certainly do tend to vigorously champion sexual liberation. But when it comes to serious, intellectually respectable advocacy, the passions take a back seat to our spiritual and intellectual nature.

Jack Nicholson and Jessica Lange raise Cain in THE POSTMAN ALWAYS RINGS TWICE.

Lust, next to greed, is perhaps the most grievous sin in most moralists' books. Just ask poor Jimmy Carter, who confessed to lusting only in his heart and came in for a harsh round of criticism and ridicule. From Plato to the Bible all the way to modern-day feminism, sexual passion has received a very bad press indeed. Plato found spiritual or intellectual (platonic!) love far superior to the sort that gives room for sexual pleasure and excitement. The Bible is filled with sex, yet several of the major contributors, such as Paul, found it less than completely noble. And many feminists today are joining with ultraconservatives in making sexual pleasure a central political target.

Most recently it is Hollywood that seems to be waging a somewhat oblique war against sexual passion. Several nifty films, some of them remakes—just to make sure old taboos never die—have promulgated a message of guilt by association so far as sexual passion and joy are concerned.

Three of these are especially noteworthy—*Body Heat*, *The Postman Always Rings Twice*, and *Breathless*. What is common to these three films is that each depicts exciting and enthusiastic sexual encounters between their main characters. The intense desire and joy the partners experience, the intimacy they are capable of, and the relaxed abandon that they demonstrate are perhaps unmatched in the history of cinema. But in each of these films the parties to such exceptionally pleasure-filled and robust sexuality are out-and-out criminals —murderers all!

In *Body Heat*, for example, we see some of the most passionate and unconstrained lovemaking ever shown on the screen short of inviting an "X" rating. William Hurt and Kathleen Turner depict a couple who thoroughly appreciate each other and give this appreciation passionate physical expression.

Jessica Lange and Jack Nicholson, in *The Postman Always Rings Twice*, are no less intense in their sexual feelings, and they are perhaps even more sensual. And in *Breathless*, Richard Gere and his lover, Valerie Kaprisky, exude a pulsating eroticism as they share each other through the medium of sexual involvement. Yet in each case sex is denigrated by linking it with the most horrible of human evils, by having the same person or persons also unabashedly commit murder.

Other movies, plays, and even music videos brandish this guilt by association also. They link sexual passion with obvious, undeniable human evils—greed, cruelty, callousness, obsession, or just plain irresponsibility. Despite some exceptions—for instance, *In Praise of Older Women*, in which good sex goes hand in hand with admirable, albeit promiscuous, protagonists—most popular drama depicts sex in schizophrenic fashion: when it is very good, very bad people are doing it. (Let's not forget all the gory slasher films of recent years, wherein nubile teenage girls are rewarded for their pleasure with an ax in the face.)

And this is just the tip of the iceberg. Throughout most of the history of Western civilization, philosophies and theological systems have given short shrift to the actual world in favor of ideals that are either outright impossible (Plato) or otherworldly and to be attained once life has been completed (Christianity).

These ideals have always been separate from what faces most of us in our everyday lives, this messy real world with its myriad possibilities. Instead of finding joy in this world, we are told to seek it in God or in utopian dreams, such as Marx's communism. The spiritual, intellectual world has always tended to eclipse the real one, at least as far as the intellectuals, theoreticians, and moralists are concerned. Since these people are trusted, and since much of what they've given us makes good sense, their attitudes toward sex have gained credibility.

In turn, another trend has been evident, the other side of the coin when mind and spirit are split from body and matter and elevated to great heights—materialism. Cynicism sets in as people realize how futile it is to try to pursue only the ideals set forth by those hostile to the passions. All ideals begin to be rejected. Only raw reality, and none of its rich nonmaterial possibilities, are said to hold promise. Materialists, pragmatists, existentialists, empiricists, and so-called realists fit within this group in Western intellectual history. Since ideals are impossible dreams, they argue, let's turn

our backs on ideals altogether.

This materialism leads to the depressing kind of raw sex found all around us today. Romance is frowned upon; those who hope for more than the simple joys of life are regarded as snobs; concern with morality, principles, and other lofty matters is dismissed as so much prescientific nonsense. Whereas in the idealist tradition priests, teachers, scholars, and other purveyors of spiritual and intellectual goods and services monopolized the respect of Western cultures, in this flip side it is engineers, technicians, physicians, and other practical individuals who have captured our adoration. In the sexual realm this is matched by the advocacy of raw sex, free love, promiscuity, and callous disregard for persons while in the pursuit of physical sensations.

But the materialists have not managed to unseat the idealist tradition, and for good reason. Human beings do need to be concerned with higher possibilities. They really are essential to human existence. Morality or values may be distorted, misrepresented, or corrupted, but never abandoned. Economists and social scientists may preach forever that value judgments are sheer music, that they are arbitrary biases caused by who knows what in a person's background. But ultimately we cannot escape making such value judgments, even in the marketplace.

However understandable promiscuity may be, no one really believes that all there is to sex can be gotten from a quick job from a hooker. This is one reason the sexual revolution has precipitated a backlash: human beings need to find greater values in life, and they need to distinguish between the rotten, the so-so, and the excellent, whatever the endeavor.

But the answer is not to return to puritanism, as, for example, some feminists are clearly doing with their antipornography crusade. Instead, we need to explore the full joy of responsible human sexuality.

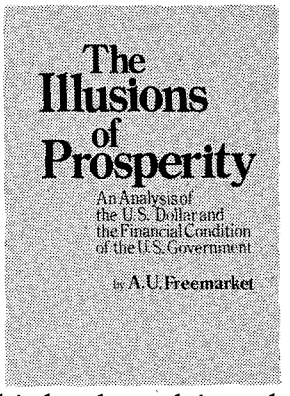
Neither the idealist nor materialist tradition pays heed to people as complex beings, with mental, biological, chemical, anatomical, moral, economic, social, political, and aesthetic dimensions. None of these has a monopoly on what is important about a person. As novelist Somerset Maugham perceptively noted, a human being "shares growth with the plants and perception with the beasts, and alone has a rational element." So isn't the best approach to facing the challenges of human existence to "cultivate the three forms of activity," as Maugham suggested, rather than "only that which is especial" to humans?

A fulfilled human life pays heed to all of what an individual is and makes the most of all of those genuine human capacities that are peaceable, nondestructive, and nonaggressive. The new puritanism that seems to be infecting our culture is not respectful of these capacities and must be resisted.

We need to reject the crass dichotomy between spirit and body and the corresponding denigration of the human passions. Perhaps then our children will not have to suffer as some of us, raised on "sex is dirty," did. We must teach them that joy is both a desirable and a noble possibility. Passion is not just for murderers.

Senior Editor Tibor R. Machan teaches philosophy at Franklin College in Lugano, Switzerland.

CAN THE FEDERAL GOVERNMENT BECOME INSOLVENT?



"Given current trends in government spending and accumulating Federal debt, the U.S. government could become insolvent within two years. This would precipitate a financial crisis of indeterminable proportions and consequences." —A.U. Freemarket

BEFORE YOU SAY IT COULD NEVER HAPPEN, YOU HAD BETTER READ THIS BOOK.

This book explains why weakness in the monetary and banking systems are taking "double-barreled" aim at your wealth and your freedom.

The Illusions of Prosperity was written pseudonymously by an investment strategist and gold portfolio manager who advises a leading international investment institution.

Please send me _____ copies of *The Illusions of Prosperity* at $20 each plus $3 per book for postage and handling in the U.S. and Canada ($6 per book for overseas airmail).

Name _____

Address _____

City _____ State _____ Zip _____

My check or money order is enclosed for $_____

Conn. residents please add 7.5% ($1.50) sales tax per book.

Greenfield Books
P.O. Box 4682
Greenwich, Connecticut 06836

the book case

The Drumbeat of Revolutionary Power

By Karl Hess

Fire from the Mountain: The Making of a Sandinista, by Omar Cabezas New York: Crown, 233 pages, $13.99

Campesino: The Diary of a Guatemalan Indian, translated and edited by James D. Sexton, Tucson: University of Arizona Press, 448 pages, $22.50

RICHARD BOUCHARD

It is very appealing to read a book about revolutionary experiences that do not include the consolidation of power. *Fire from the Mountain* is one such book.

It is appealing because many of us love the underdogs of this world, perhaps considering ourselves perpetual bow-wows of the breed. And, in fact, if the author and his cause went no farther than this book—a good, grungy look at the muddy, mosquito-bitten, day-to-day chores of evading a national army while preparing to overthrow the government that has dispatched it to kill the author and his confreres—you might rest the tome comfortably on your shelves as a powerful reminder that shooting wars and shooting revolutions are just one hell of a lot more abrasive than the John Wayne movies make out.

Alas, the folks who are the subject of the book, and the author himself, Omar Cabezas, went on to wield power as the Sandinista government of Nicaragua. And there are in the book a few hints of just how they might do it.

For example, the author describes one of the first truly successful attacks by a guerrilla unit on a national guard base. "They'd never been attacked in the mountains; now all of a sudden the bullets were flying. It was chaos inside; they were killing each other in the confusion, and the compas [guerrillas] beat an orderly retreat, victorious. They executed several local judges. It was a fantastic moment for the guerrillas, which was clouded only by the death [of one of the guerrillas]."

It is an unfortunate but apparently inevitable result of power gained through violence that murders are regarded as executions, thus lethally stating a belief in the righteousness of the cause as superior to life itself. Such revolutions, and certainly the Sandinista one is no exception, are social-reform movements gone bloody, establishing new organs of suppression as surely as they demolish old ones.

Even in the American Revolution, as soon as a proper constitution made the guerrilla leaders, such as George Washington and even Thomas Jefferson, believe that their once-heroic work on the battlefield had now become heroic government, the steady drumbeat of power could be heard by all alert citizens as they were asked to pay taxes for the reduction of their status from citizens to mere voters. Today, as the Sandinista government treats its opposition very much in the way that the ousted government once treated the Sandinistas, you find grim reminders of the bayonet basis of all such power in Nicaraguan school textbooks that use hand grenades as symbols in practicing addition and multiplication.

Are all revolutions by violence doomed sooner or later to this sort of fate? A better question is whether all governments founded upon the absolute monopoly of violence in their given geographical areas are suppressive of freedom, even though at different levels or rates. My own and very personal observational prejudice is to say, "Yes, they are."

The second book under review here provides some evidence for an alternative. Just as the first book is (I must admit) a stunning report of the transformation of a soft-bodied, rather soft-minded campus show-off into a reasonably tough young man who got into the killing-for-cause business in a serious way, the second book is to me an altogether lovely and compelling story of a simple man, already tough in his stubborn dedication to personal honor, who, as a peasant farmer and leading light in a small farming cooperative, faced the temptations and the abuses of bureaucratic power with a marvelously calm sense of self-esteem; an unconquerable man who just wants to be left alone so that he and his neighbors can get on with their lives without having the entire weight of so-called society descend upon them like an avalanche every time some new gang takes power and becomes, in effect, "society."

This fine book is a diary kept by the

peasant, or *campesino*, at the behest of the editor, who does a useful job of annotating it so that events are put into understandable perspective. The book makes it possible to realize that, if the object of revolution ever should become the destruction rather than the reconstruction of power over people, folks like the Guatemalan Indian Ignacio and even thee and me could do rather well at making a free and livable world where we live and as we live.

In his foreword to the book (which is one of those rare books for review that I firmly intend to keep forever), James D. Sexton, the editor, suggests, as do many geopoliticians, that Guatemala might be the key to the future of Latin America and, indeed, to our own future should we become involved in an Afghanistan-style engagement there. (Isn't it, by the way, far more illuminating to refer to such involvements as an Afghanistan-style one rather than as "another Vietnam"?) Sexton adds to his somber description of the Guatemalan battlefield the poignant observation that there is "an urgent need to know more about what life is really like for the peasants who make up the majority of these people. Despite some ethnographies on Vietnam, we knew very little about the peasants from their own perspective. And to my knowledge, not a single autobiographical account emerged from a peasant despite the fact that this class bore the brunt of the destruction inflicted from both sides."

There is not in Sexton's editing or Ignacio's diary-keeping much of that smarmy-marmy crap about peasant uprisings with which the publicists of revolutionary coups often try to justify their rise to power, perhaps for the shuddering adulation of armchair guerrillas who love violence as a spectator sport but could be expected to faint at the sight of real blood, particularly their own. Ignacio's diary is not a denial of the possibility of actual peasant uprisings. Rather, it is a quiet affirmation of them but an affirmation that they are most productive of peasant freedom when, as with Zapata in Mexico, they are uprisings to obtain freedom and not to obtain power. That such freedom-seeking revolutions are usually wiped out by the power seekers is a challenge to future imaginations rather than an absolute denial of efficacy.

But it also is a challenge to rethink the way in which long changes occur in the world. I am disposed, personally, to believe that these long changes come about through the perfection and use of new tools, material and intellectual,

Speak German like a Diplomat!®

What sort of people need to learn a foreign language as quickly and effectively as possible? *Foreign service personnel*, that's who.

Now you can learn to speak German with the same materials used by the U.S. State Department —the Foreign Service Institute's *Programmed Introduction to German*.

The FSI spent thousands of dollars and many years developing these materials for use by members of the United States diplomatic corps. Today people in all walks of life who need to learn to speak a foreign language are turning to this outstanding audio program.

The FSI's German Course is by far *the most effective way* to learn German at your own convenience and pace. It consists of a series of cassettes, recorded by native German speakers, and accompanying textbook. You simply follow the spoken and written instructions, listening and learning. By the end of the course you'll find yourself learning and speaking entirely in German!

This course turns your cassette player into a "teaching machine." With its unique "programmed" learning method, you set your own pace—testing yourself, correcting errors, reinforcing accurate responses.

This FSI Programmed Course comes in two volumes, each shipped in a handsome *library binder*. Order either, or save 10% by ordering both:

☐ **Volume I. Programmed Introduction to German**, 10 cassettes (13 hr.), and 647-p. text, $135.

☐ **Volume II. Basic Course Continued**, 8 cassettes, (8 hr.), and 179-p. text, $120.

(CT residents add sales tax.)

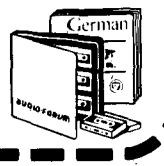
TO ORDER BY PHONE, PLEASE CALL TOLL-FREE NUMBER: **1-800-243-1234.**

To order by mail, clip this ad and send with your name and address, and a check or money order—or charge to your credit card (VISA, MasterCard, AmEx, Diners) by enclosing card number, expiration date, and your signature.

The Foreign Service Institute's German Course is unconditionally guaranteed. Try it for three weeks. If you're not convinced it's the fastest, easiest, most painless way to learn German, return it and we'll refund every penny you paid. Order today!

120 courses in 41 other languages also available. Write us for free catalog. Our 12th year.

Audio-Forum
Room X12
On-The-Green,
Guilford, CT 06437
(203) 453-9794



AUDIO-FORUM®

Attract Attention!

Wear the distinctive blue & white REASON t-shirt, and all eyes will be on you. These cotton-polyester blends are great for almost any occasion. They're stylish as hell! And only $7.00 a piece. Order yours today — and why not order one as a gift for your favorite fellow REASON reader. Start attracting attention!

Adult	Qty.	Amt.	Child	Qty.	Amt.
S	___	$___	S	___	$___
M	___	___	M	___	___
L	___	___	L	___	___

Great Holiday Gifts!

Total amt. enclosed $ _____ (CA residents add 6% sales tax)
Payment must accompany order. Allow 4-6 weeks for delivery.

NAME (please print) _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

Reason Enterprises, Box 40105, Santa Barbara, CA 93140

rather than by violent upheavals in government organization charts. Thus, the world truly was revolutionized by Boolean algebra even though the event that got the headlines at the time had to do with the work of Karl Marx. Also, those who believe that the assassination of Abraham Lincoln was a pivot of history should pause and consider that, in the same year, the Massachusetts Institute of Technology was founded. On which event does the long change of the world, as we now see it, more truly turn?

Don't get me wrong and assume that I'm envisioning Ignacio as some sort of John Galt in peasant garb. Unlike the individualist protagonist of Ayn Rand's *Atlas Shrugged*, Ignacio is not a hero of the epic sort. Nor is he an ideologue of any sort. He is, however, hard-working, skeptical of authority, an obviously good friend-in-need in his neighborhood; in short, a survivor whose flag is that of his own self-respect. He may not be Atlas bestriding the world, but he is an image that will long bestride my imagination. A man of simple but real quality.

Although Ignacio is not a free-enterpriser, having always lived under government planners, he is a sort of closet free-marketer. One of his most productive sessions with the bureaucrats was upon discovering that he and his fellow cooperative members could get a better price for their coffee than a nearby buyer was offering. When they used their new profits to buy land, they seemed to come closer than most revolutionary governments to realizing the uncounted benefits of private land ownership.

Ignacio displays many commonsense flashes of wisdom. He understands that there is a difference between people and political parties, for instance, never succumbing to the fashionable university notion that people can always be treated in lumps as parts of factions, never requiring or deserving consideration as individuals.

Incidentally, in *Fire from the Mountain*, the author makes it perfectly clear that individualists are anathema to the revolutionary party to which he belongs and whose orders (handed down as though from some distant god) he follows without deviation. When "They" speak, he jumps. It is also interesting that he hardly ever was able to ascertain just who "They" were, although he was daily risking his life for "Them." Unlike the sensible Ignacio, he chose to believe that he was serving society rather than the leading elite.

At one point, Ignacio comes up with this inscription-worthy comment: "Long live the people, now that the hombres who esteem the people are in power." As Ignacio, of course, is constantly discovering, it is the power that always is esteemed, and if people are going to "long live," they are simply, in the long run, going to have to do the work, do the job of preserving themselves and their freedoms where they live and by themselves.

With so many patient people such as Ignacio on the face of this planet, it is possible to dream that it is possible. Perhaps if John Galt could live a while with Ignacio...

Karl Hess, a formal political speechwriter, now works in wood, welds, and writes in West Virginia.

Is Illiteracy an Establishment Conspiracy?

By David Brudnoy

***Illiterate America*, by Jonathan Kozol**
New York: Doubleday, 270 pages, $25.95

Illiteracy is "in," like AIDS and word processors. Not necessarily understood, but fashionably discussed, journalistically overkilled, and much used for political purposes. Secretary of Education William Bennett is miffed that his report on reading, *Becoming a Nation of Readers*, drew little attention when it appeared earlier this year. In *USA Today* Bennett opined, "If we did for everybody what we do for some in the teaching of reading, we could go a long way toward getting rid of this problem of illiteracy."

That national newspaper's own research, reported in a sidebar to the Bennett interview, indicated that 26 million people in the United States can't read and 46 million people cannot read proficiently. That same research showed other startling figures: the pool of adult illiterates is growing by about 2.3 million persons each year; of the 158 members of the United Nations, the United States ranks 49th in literacy; most classified as illiterates have actually completed high school; and in the past five years, book reading in the under-21 age group has declined from 75 percent to 62 percent. Only 44 percent of those who *can* read *do* read books.

Just how *USA Today* came up with those precise figures is an interesting question. How anybody comes up with exact percentages in an area as murky as this defies easy answer. And the casualness of the assertions is not confined to mass-audience newspapers, as evidenced in a jacket squib to Jonathan Kozol's new book, *Illiterate America*. Kozol, the previous author of *Death at an Early Age* and other studies of the woeful state of American learning and life, tells us on the front cover of his book that "one out of every three adult Americans *cannot* read this book."

Evidently, though, two out of every three adult Americans *have* read the book, or at least bought it, since it is drawing tremendous attention. Even booksellers have come into the Kozol circle. At the annual convention of the American Booksellers Association in San Francisco in May 1985, Jonathan Kozol was the star attraction, preaching the word and throwing around his own grab bag of statistics: $120 billion a year is lost in productivity in the United States owing to illiteracy; the expenditure of a mere $10 billion a year to combat adult illiteracy would dramatically cut into the problem; and on into the long fuzzy night of the numbers game.

Illiterate America is solid in some of its documentation, passionate in its hand-wringing, intriguing in its anecdotal evidence, and questionable in its prescriptions. Mr. Kozol, whom I have known for many years, is a man of impeccable integrity. When he recounts an incident, I take it as true.

These incidents, moreover, are not unique to Jon Kozol. Like the author, I occasionally have found when taking a youngster to a restaurant that his eyes only apparently scanned the written word, leading invariably to an order of something familiar, whether or not the item was in fact on the menu. Why? Because the kid can't read well enough to choose from the words before him. We have all heard of the occasional high school graduate whose parents sue the school board when at last they realize that their child has been graduated from school but cannot read the diploma. These are fascinating stories. But what

TAX REDUCTION FOR THE PRIVATE INDIVIDUAL AND THE BUSINESSMAN

THE CONTRACTUAL COMPANY is Best for: Tax Avoidance, Investment & Business Services

The individual may stand upon his constitutional rights as a citizen. He is entitled to carry on his private business in his own way. His power to contract is unlimited.
— Judge Brown in Hale v. Henkel 201 U.S.74 3/12/1906

Anyone may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the treasury. There is not even a patriotic duty to increase one's taxes.
— Judge Hand in Helvering v. Gregory 69 F2d.810 (1934)

Achieve ...

I — Continuity of Existence
II — Limited Liability
III — Centralized Management
IV — Flexibility

Avoid Probate, Death and Inheritance Tax and Capital Gains Tax; Reduce Income Tax

Write or Call for Information

Nassau Life Insurance Company, Ltd.
"The Pioneer Of Offshore Contractual Companies"
P.O. Box FH 14547 Nassau, Bahamas • (809) 322-8445, 322-8446, 322-8447, or 324-2787

Secrets Of Tax Havens

by Robert Chappell

Introducing... A Legal Method That Has Been Working Effectively For Generations

- Money savings previously known and used only by the "Super-Rich"
- Avoid death and inheritance taxes
- Eliminate the necessity for a Will
- Avoid probate & Reduce income tax
- Avoid Capital Gains taxes
- Protect property against seizure, confiscation, liens, and judgments
- Contractual companies, key business forms and their use explained

Send $9.95 Plus $1.25 Postage & Handling

About The Author:
Robert Chappell is a self-made success story. He has founded and served as president of two insurance companies and is a recognized expert in legal tax avoidance. Mr. Chappell has resided in many foreign tax haven jurisdictions, is well versed in tax law, and has been the successor in many battles with the I.R.S. He possesses an unusual knowledge of tax matters, from both practical experience and training.

Mail order to:
ABM Publishing Company
P.O. Box 10 • Orinda, CA 94563

Please send ____copies of SECRETS OF TAX HAVENS @ $9.95 each plus $1.25 postage & handling.

Name _____

Address _____

City, State, Zip _____

R

Another Place and Time...

Turn back the clock to a time of charm, comfort and serenity. To a place that captures Eleuthera at its best... including views of ancient cliffs and the timeless ocean.

Located on the outskirts of beautiful Rock Sound, The Rock Sound Club rekindles the refreshing, easy ambience once enjoyed by Colonials and Eleutherian Adventurers alike... an enchanting treat for today's vacationers who appreciate turn-of-the century charm and hospitality along with present day conveniences.

Learn about tax reduction for the private individual or the businessman and enjoy the Bahamas while attending tax-deductible Financial Planning Seminars. Only $85.00 single or $135 double, includes room and meals.

The Rock Sound Club
Hotel and Restaurant

(809) 322-8445, 322-8446, 322-8447, or 324-2787
Call or Mail Coupon For Information:
P.O. Box FH 14547 Nassau, Bahamas

Please send information on: ☐ Financial Seminars ☐ Contractual Companies

Name _____

Address _____

City, State, Zip _____

R

Don't Be Fooled By Impostors!

prac-ti-cal *adj.* Having reference to useful ends to be attained; applicable to use.

prag-mat-ic *adj.* Pertaining to the study of events with emphasis on cause and effect: the pragmatic method.

There are some libertarians who call themselves "*pragmatists*" and would have you believe that calling for "tax cuts," gradual reductions in government regulation and bureaucracy, and giving in to the public's statist prejudices are the "pragmatic" way to move toward liberty and freedom! **NOT SO!** Look again at the Funk & Wagnalls' Standard College Dictionary definitions—notice the phrases "cause and effect," "having reference to useful ends." Now think of how many years the Libertarian Party has **wasted** by putting out messages such as the ones given above. Isn't it time to move forward? Don't you really want to see liberty in your *lifetime*? So why are you wasting your time with approaches that have proven to be worthless? Subscribe today to *The Pragmatist* and learn the *truth* about pragmatic ways to get our movement going forward. Don't be fooled by impostors ever again.

_____ I want to explore **The Pragmatist's** approach to liberty. I've enclosed $1.00 for my sample issue.

_____ I wish to receive a year of **The Pragmatist** to learn even more. Here's my $6.00 for a one year subscription (6 issues).

Name_____

Address_____

City_____

State_____ Zip_____

The Pragmatist
A Utilitarian Approach

P.O. Box 392 • Forest Grove, PA 18922

Too Much Mail Can Be Irritating . . .

On the Other Hand, Some People Love It!

Whichever way you feel, you can help us accommodate you. **REASON** makes its list of subscribers available to selected organizations whose products, services, or activities might be of interest to you. We do a lot of direct mailings ourselves, and we believe in the legitimacy and importance of such marketing efforts.

But if you wish to have your name restricted from such use, please fill in the information below **EXACTLY AS IT APPEARS ON YOUR MAILING LABEL** on the cover of **REASON**. Or attach the mailing label itself to the coupon and return it to:

P.O. Box 27977
San Diego, CA 92128
Attn: Mailing Lists

☐ *Please remove my name from your mailing list.*

NAME

ADDRESS

CITY STATE ZIP

the book case

do they mean?

They mean, according to Kozol, that the education system is pretty lousy—true enough—and that there is something of a plot to make schools serving the poorest Americans essentially useless. Illiteracy, he contends, is a consciously fostered problem, brought about by an establishment bent on locking in a permanent class of incompetents at the bottom of society. This is not so obviously true. It may not be true at all. It is certainly not proved in *Illiterate America.*

We have here a polemic wending its way through a guidebook to the American wasteland, and avoiding the landmines of Kozol's ideological fixations is hazardous work. He regards the current call for back-to-basics as a "subset of the dangerous nostalgia for the past, born of a basic fear to face the future, which summons up a warm and golden image of the days when conventional families drove in friendly hump-backed Fords to neighborhood stores and country fairs, and the poorest people (and especially black people) were invisible, uncounted—and did not take SATs." A man holding such views may not be the most reliable physician to cure the illiteracy disease.

And we may wonder about the focus of the author who leads us, through frequent repetition of his basic call for More Money, to a conclusion like this: "In order for the fundamental skills to be developed without introduction of those pressure-cooker tactics advocated by some right-wing zealots, gradeschool teachers need to have the sense that they are doing something that the parents want and that they will be rewarded by support in their pursuit of such necessities as a *redoubled funding of those elementary reading programs which were decimated by the recent cuts in Title I*" (emphasis added).

The problem of youthful illiteracy *may* be addressed wisely by pouring billions of dollars into government-run literacy programs. But consider that a matter of choice is also involved. Might it be that adults who spend money on television sets and other amusements have chosen *not* to spend the money to get themselves educated in reading? In two lengthy radio interviews with Kozol, totaling six hours, I was unable to get him to acknowledge even the *possibility* that a hefty portion of adult illiteracy could be combatted by the individual illiterate voluntarily choosing to spend his own money to get schooling in reading.

The problem of youthful illiteracy—and in all of this we must include varying degrees of "functional illiteracy," since most of Kozol's "illiterates" can read, though none can read well—puts us into territory exceedingly uncongenial to the author. Those who go to parochial and private schools are not illiterates; those who go to public schools sometimes are. Why? Because public education is, in the simple words of Don Feder (*On Principle*, June 24, 1985), "accountable to no one. Taxpayers must support it; the majority of parents must accept its product, like it or not. Without the necessity to compete for customers, and lacking the profit motive, there's no incentive for improvement."

Kozol is an unreconstructed left-liberal. He cannot bring himself to accept the notion that the culprit may not be some sinister establishment cackling with glee as it keeps America stupid.

Kozol is an egalitarian. He is—and this is not meant as an epithet—an unreconstructed left-liberal. He cannot bring himself to accept the notion that the culprit may not be some sinister establishment cackling with glee as it keeps America stupid but a backward government education system that relentlessly advances children from grade to grade without demanding that they master anything in the process.

One shies from reductive reasoning, but here's a better idea than any of Kozol's throw-dollars-at-it schemes: require that no public-school child be permitted to move to the next grade without knowing, fully, the material expected of him at each level. And here's an even better one (don't read this, Jon): institute a voucher system whereby parents would receive monetary credits with which to send their children to the schools of their choice.

Contributing Editor David Brudnoy hosts a radio talk show in Boston.

EARN 10½% TO 23% INTEREST

TAX FREE

How Much Money Is Your Money Making Today?

COMPARE your earnings to the following earnings available from well-known international banking and *financial institutions.....*

Checking Accounts paying 10½% on your average balance.....six-month savings accounts paying 12½%.....24-month savings accounts paying 15%.....a currency fund with an average annual return of 22.9%.....a 60-month Certificate paying 21%, compounded monthly to yield 36.63% per annum at maturity (double your money in just 40 months).....and, the list goes on & on & on.....

MINIMUM DEPOSITS

To get anywhere near these earning rates in this country, you would have to deposit, or invest, huge sums of money. U.S. banks and financial institutions usually don't pay anymore than they absolutely have to on deposits under $100,000. — but — by & large, the exceptional earnings available in the offshore banking community can be earned on minimum deposits from $100 to $1,000.

TAX FREE

And.....in almost every international jurisdiction.....your interest *earnings are TAX FREE at the source.*

EASY TO START

Offshore banking & financial institutions offer confidential services ranging from checking accounts and savings accounts to cash bonds, letters of credit, brokerage services, precious metals, gold options, factoring, leasing, portfolio management, and a host of other financial services too lengthy to even attempt to itemize. And.....taking advantage of these services is just about as complex as placing an order, by mail, with Sears & Roebuck.

Opening an offshore account is no more complex than opening an account with a Money Market Fund, by mail. Getting your money back is just as simple.

HOW

To open your offshore account, all you need to do is write to an offshore bank or financial institution and *request information* about opening an account. They will send you all of the necessary forms; tell you what their minimum deposit requirements are for the various accounts they offer; and their materials will explain *how to open an account* and *how to make your withdrawals.*

Making a withdrawal from your offshore account is just as simple as writing a check.

Today, with instantaneous international communication, the *world is getting smaller & smaller every day.* Now, you can enjoy the EXCEPTIONAL EARNINGS available from the international (offshore) banking and financial community as easily as you deal with your local bank, stock broker, money market fund, or.....Sears & Roebuck — by mail, telephone, or telex.

DEFINITION

"Offshore Banking" *only* means using a bank or other financial institution outside of the country in which you live and work for your savings and investments. *(If you live in the U.S., a bank account in Canada is classified as "offshore banking.")*

Anyone (repeat: ANYONE) with a good income, or modest savings, can enjoy the *EXCEPTIONAL INTEREST AND* INVESTMENT EARNINGS available every day in the international (offshore) banking & financial community.

WHY settle for the paltry earnings available to you through the restrictive, protectionist Federal Reserve System?

The offshore banking community is available to you for your use. NO MATTER HOW SMALL your savings ability may be, there is a place for you to EARN MAXIMUM RETURNS.....all you need to do is find the offshore situations that will work for you.

WHERE?

Before you can begin using an offshore account, you need to know ***when, where, who,*** and ***how!***

Since offshore banking & financial facilities are restricted from advertising in the U.S. (unless they comply with the same rules and regulations as U.S. banks), you won't find the information you need in conventional U.S. publications. BUT.....there is a way.

"OFFSHORE BANKING News" is the *first & only* monthly news reporting service dedicated to researching offshore opportunities. Our dedicated correspondents (nearly 100 of them), worldwide, keep us updated with current, usable, viable information regarding banking services, investments, trust services, annuities, and a host of other financial and business services available.

By continuously reviewing newspaper and magazine articles in international publications (not available in the U.S.).....***"OFFSHORE BANKING News"*** keeps you informed about in-country changes regarding the financial industry (laws, taxes, etc.)....and....to assist you in keeping-up with the U.S. financial industry changes (as they relate to offshore opportunities), we review bankig & financial publications in this country and advise *you of changes affecting your offshore transactions.*

NO MATTER HOW HARD YOU LOOK

You WILL NOT find the vast majority of information published in ***"OFFSHORE BANKING News"*** in any other U.S. publication. — While we do carry some stories found in U.S. pulbications (as they relate to your offshore opportunities), the vast majority of the information we publish comes directly from our correspondents worldwide. *Information you WILL NOT find in any other U.S. publication.*

EACH MONTH, ***"OFFSHORE BANKING News"*** tells you....***what*** offshore opportunities exist....***what*** services are available....***who*** to contact for those opportunities & services (full names & addresses)....***how to*** take advantage of offshore business services you probably didn't even know existed....and....each monthly issue provides you with current, usable information regarding changes in the financial industry in this country and abroad as they may affect your transactions.

EXCEPTIONAL EARNINGS

With the information published in ***"OFFSHORE BANKING News"*** anyone with a good income, or modest savings, can enjoy EXCEPTIONAL EARNINGS, Asset Protection, Monetary Privacy, make Tax-Free investments, and legally AVOID unreasonable taxation.

Order your subscription today! — As long as you depend upon the censored and insignificant news you can glean from U.S. publications, you are limiting your interest & dividend earnings. Without ***"OFFSHORE BANKING News"*** you will be locked-in to the over-regulated, less than responsive banking & finance industry in this country.

Mail the subscription order form, below, with your remittance, today!! *Start taking advantage of* the smart money EXCEPTIONAL EARNINGS available every day in the offshore banking community.

BONUS — Order your subscription within the next 30 days and we will include, along with your first issue, a FREE copy of our Bonus Report entitled, "Offshore Banking Is Not Evil" — the most hard-hitting, pragmatic look at offshore banking & investments ever written. Its no-holds-barred approach delves deeply into the nitty-gritty, nuts & bolts of offshore banking. Absolutely MUST READING for anyone considering banking or investing offshore.

SUPER BONUS — Order a full one-year subscription to "OFFSHORE BANKING News" within the next 30 days, and you *will also receive a copy of our Special Report entitled,* "EXCEPTIONAL OFFSHORE OPPORTUNITIES" — containing information, names and addresses of over 50 offshore opportunities for your immediate use. — ***The earning potentials will absolutely astound you!!***

OUR GUARANTEE

If within 10 days, after you receive your first issue of the first & only "OFFSHORE BANKING News" you aren't 100% satisfied that our news service can benefit you, simply return your first issue for a full refund of subscription price. NO QUESTIONS ASKED!!

© - *1985, J.F. Straw. All rights reserved.*

TO:**OFFSHORE BANKING News**
301 Plymouth Drive N.E.
Dalton, Georgia 30720-9990

Telephone: (404) 259-6035

Please enter my subscription to *"OFFSHORE BANKING News"* for the period of time checked below. *I am enclosing my payment in full.*

One Year (12 issues) .....US$90. - ☐
Six Months.....US$50. - ☐
Three Months (Trial).....US$30. - ☐

☐ - Check ☐ - Money Order ☐ - VISA ☐ - MasterCard

Credit Card # _____ Exp. Date: _____

PLEASE Print Neatly

Name _____

Company _____

Address _____

City, State & Zip _____

B1Y

Making People Equal: Paradoxes Aplenty

By John Hospers

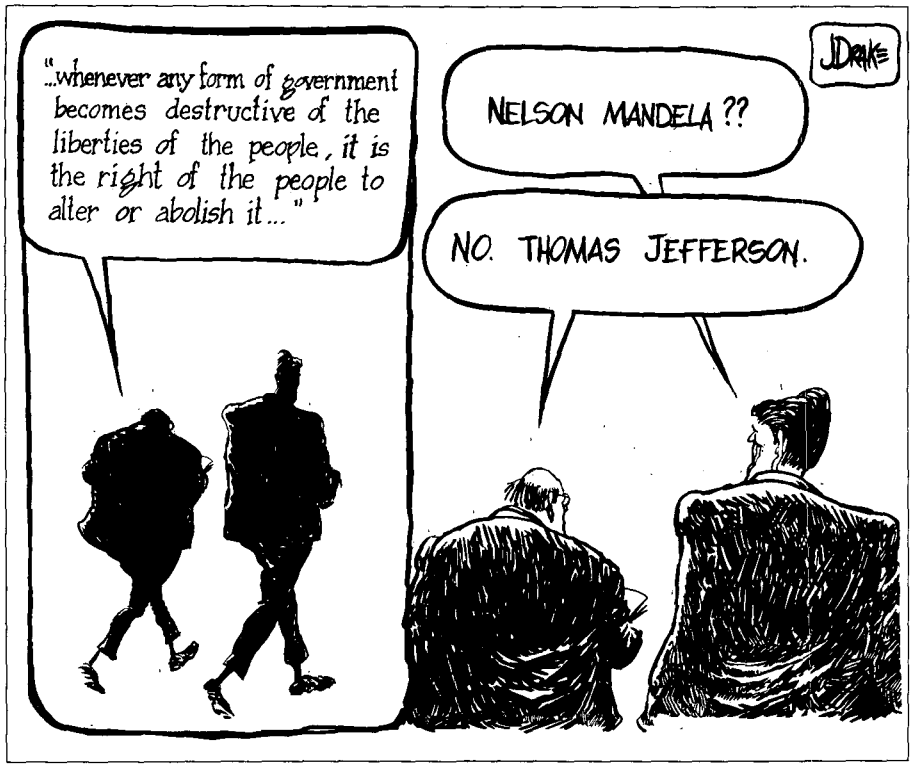
***Blacks and Social Justice*, by Bernard Boxill**
Totowa, N.J.: Rowman & Allanheld, 251 pages, $34.50

The title of *Blacks and Social Justice* succinctly summarizes its focus: justice in the treatment of blacks. It is a philosophical book in that it considers in great detail the writings of contemporary philosophers that bear on the subject: John Rawls, Thomas Nagel, Ronald Dworkin, and many others. Bernard Boxill takes them all on, dissecting their arguments, usually finding them flawed, attacking them in enormous detail even when he sympathizes with their general position.

The analysis is both exhaustive and exhausting: the arguments are intricate. Interspersed in these dissections are analyses of concepts such as harm, insult, self-respect, self-esteem, and many others—analyses that are usually insightful and penetrating and that unfortunately tend to get buried in a detailed consideration of the published views of assorted philosophers, down to the most obscure journals.

In an early chapter Boxill discusses the free market in relation to the welfare of blacks, particularly the writings of two distinguished black economists, Walter Williams and Thomas Sowell. He does not believe that operation of the market would do justice to blacks. He criticizes the idea that people have only negative rights (rights to others' noninterference) and not positive rights (rights to positive action, such as help, from others). He cites a definition of justice offered by Walter Williams—"I keep what I produce, and you keep what you produce"—with indignation, comparing its "cynicism" with that of Thrasymachus in Plato's *Republic*.

Sowell and Williams argue that in a free market racism would be greatly lessened, a view Boxill considers simplistic. I had thought that these economists made a good case for saying that the market tends to reduce racial prejudices: If you can get a good product more cheaply from A than from B, you will buy it from A regardless of A's race. And I doubt that many an employer, even if he had racist attitudes, would hire the white applicant if his choice were between a capable black applicant with initiative and imagination and a white applicant who is indolent and surly.


"...whenever any form of government becomes destructive of the liberties of the people, it is the right of the people to alter or abolish it..."
NELSON MANDELA ??
NO. THOMAS JEFFERSON.
JDRAKE

Boxill thus greatly underestimates the potency of the free market, both in reducing racism and in increasing the economic level of virtually everyone. But his attitude is not surprising, for nearly all the philosophers he considers throughout the book have little use for the free market.

More than half of *Blacks and Social Justice* is devoted to the topic of education. Boxill not only rejects at once the suggestion that all education be private and voluntary; he rejects also the more modest suggestion of Milton Friedman that the government should introduce a voucher system whereby parents could use the voucher to send their children to whatever schools they think best. Parents, he suggests, would not be likely to shop around for the best schools for their children, for many are unwise or uncaring. Moreover, if their children grow up to be criminals, or unemployable, "this affects the important interests of the taxpayers who must shoulder the costs of supporting them on welfare. Consequently, parents cannot have a complete right to choose their children's education."

Boxill is wholly committed to the idea of public, tax-supported education. But this is only the beginning: tax-supported education, when facilities were "separate but equal," resulted in notorious inequality, that is, inferior schools for blacks. After the 1954 Supreme Court decision in *Brown* v. *Board of Education*, some degree of integration was achieved. However, since children in the same neighborhoods tended to be of the same race, the degree of actual integration was minimal. Predominantly black schools were still short-changed.

So Boxill considers another alternative: Charles Hamilton's suggestion that each district within a community have total control over the education in that district. "The school would belong to the community; it would be a union of children, parents, teachers, social workers, psychologists, doctors, lawyers." But Boxill rejects this alternative, too, asking whether many ghettos have teachers, social workers, psychologists, doctors, and so on, within their confines.

Boxill proceeds to quote socialist writers who contend that the problem will not be solved until black incomes are equal to white incomes and that "society" has a right to enact transfer payments until all families' incomes are equal. (What this would do to the incentive to rise and succeed in life, including

its effect on incentives in black families, is not discussed.) But this alternative, too, is rejected, because equal *income* is not enough: it doesn't guarantee equal *opportunity*. Some families would be indifferent to their children's education even if they were millionaires.

Is equal opportunity for all, then, the desired state of affairs? No, for opportunities are worthless unless they are used, and many persons have opportunities without taking advantage of them.

And this presents a problem: How do you *make* people take advantage of opportunities? The ideal that the author endorses is not equality of opportunity but equality of *achievement*. Only this will suffice; but how, one wonders, is this to be brought about? How can one ensure, even through the use of force, that the average achievements of one race will equal those of another?

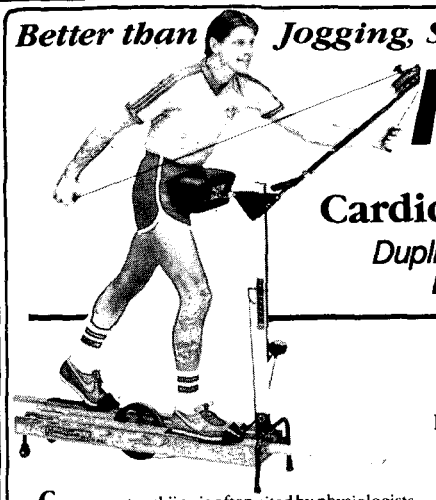
Another perennial issue, busing, gets 60 pages of discussion by Boxill. He criticizes in detail the views of antibusing authors. Nor does Boxill spare from criticism probusing authors such as Ronald Dworkin, who in Boxill's opinion approves of busing for the wrong reasons. Boxill himself has nothing in principle against forced busing of children. But busing may not be enough, because of "white flight" to the suburbs.

The issue of state force arises not only with reference to the school system —one might improve that indefinitely without improving student achievement—but with the family. Too many families are simply indifferent to their children's education. The state could employ more extensive forced busing or raise taxes for education or pour more money into ghetto schools and yet not go very far toward the ideal of "equal achievement" for white and black students.

But how is one to change the home environment? Should the state take children away from "improper" parents? And should the state force parents to be more sensitive to their children's education or make them take opportunities when offered? Boxill doesn't mind a high degree of state paternalism, but when it comes to trying to change the family he again stops short of the fateful abyss. And so in the end it is not clear how the ideal is to be reached, other than through Boxill's usual formula, the elimination of racism.

It is true, unfortunately, that racism is much with us and will not easily go away. But in cases I am familiar with,

Better than Jogging, Swimming, or Cycling...



NordicTrack

Jarless Total Body

Cardiovascular Exerciser

Duplicates X-C Skiing for the Best way to Fitness

Cross-country skiing is often cited by physiologists as the most perfect form of cardiovascular exercise for both men and women. Its smooth, fluid, total body motion uniformly exercises more muscles so higher heart rates seem easier to attain than when jogging or cycling. NordicTrack closely simulates the pleasant X-C skiing motion and provides the same cardiovascular endurance-building benefits–right in the convenience of your home, year 'round. Eliminates the usual barriers of time, weather, chance of injury, etc. Also highly effective for weight control.

More Complete Than Running

NordicTrack gives you a more complete work out-conditions both upper body and lower body muscles at the same time. Fluid, jarless motion does not cause joint or back problems.

More Effective Than Exercise Bikes

NordicTrack's stand-up skiing motion more uniformly exercises the large leg muscles and also adds important upper body exercise. Higher pulse rates, necessary for building fitness, seem easier to attain because the work is shared by more muscle mass.

Even Better Than Swimming

NordicTrack more effectively exercises the largest muscles in the body, those located in the legs and buttocks. When swimming, the body is supported by the water, thus preventing these muscles from being effectively exercised. The stand up exercising position on the NordicTrack much more effectively exercises these muscles.

A Proven, High Quality Durable Product

NordicTrack is in its 8th year of production. NordicTrack is quiet, motorless and has separate'y adjustable arm and leg resistances. We manufa'..are and sell direct. Two year warrantee, 30 day trial period with return privilege.

Folds and stands on end to require only 15" x 17" storage space.

Call or write for...

FREE BROCHURE

Toll Free 1-800-328-5888

Minnesota 612-448-6987

PSI, 141RE Jonathan Blvd. N., Chaska, MN 55318

MONEY, POLITICS, and the BUSINESS CYCLE

THE CATO INSTITUTE'S

FOURTH ANNUAL MONETARY CONFERENCE

JANUARY 16-17, 1986

THE CAPITAL HILTON • WASHINGTON, DC

More than 25 leading economists and policy analysts will discuss monetary policy, banking deregulation, and the business cycle. Speakers include Axel Leijonhufvud, Gottfried Haberler, Leland Yeager, Manuel Johnson, James Buchanan, Alan Reynolds, Karl Brunner, Allan Meltzer, and Beryl Sprinkel.

Registration is $250 ($100 for non-profit organizations). It includes all speeches, two luncheons, and a reception. For additional information, contact Sandra McCluskey, (202) 546-0200. Make check payable to **Cato Institute, Dept. R, 224 Second St., SE, Washington, DC 20003.**

CATO INSTITUTE

the book case

other factors figure far more prominently than racism.

A few years ago, for example, the city of Los Angeles bused thousands of children all over the city to achieve nonsegregation (in the hope that this would garner equality of educational quality). Millions of dollars were spent busing black children into white neighborhoods and vice versa. Most children, white and black alike (as well as Mexican and Oriental), didn't like getting up before dawn to be bused to a school 30 miles away. And so much was spent on busing that schools deteriorated. New equipment couldn't be bought; good teachers were fired right and left, resulting in larger classes for those remaining. Soon the city high schools started to turn out graduates of *all* races who were functional illiterates. It is difficult to buy the thesis that racism was a major factor in this result.

Boxill discusses at length many other topics, such as affirmative action and civil disobedience, but space permits me only a few brief assorted comments:

• To make restitution to blacks for past discrimination, Boxill favors preferential hiring and affirmative action programs in the interests of justice. But justice is treatment in accord with desert, and desert varies from one individual to another. If a man was a slave in 1865, he is not helped by the fact that his great-granddaughter is the beneficiary of preferential hiring in 1985. Preferential hiring must be justified, if at all (and there are countless arguments and counterarguments here), by harms done to *individuals*. Many black individuals have been wronged in the past—as have American Indians, whom Boxill never mentions. But one shouldn't accord preference in hiring to A just because B, who happens to belong to the same race, was wronged in the past. That is sheer collectivism, like punishing an entire tribe for a crime committed by one of its members.

Of course, if *each and every member* of a certain group has been wronged, then each and every member deserves restitution—not because he or she is a member of a group, but because he or she individually has been wronged. And indeed, the author believes this to be actually the case, that *all* blacks in America have been wronged. But this is a sweeping assertion: Have *all* blacks been wronged?

• Boxill approves philosopher John Rawls's "difference principle," which states that economic inequalities should not be permitted if they involve economic disadvantage to anyone. Surely this would be fatal to most progress. No great benefit in technology has occurred without putting someone at a temporary disadvantage. When automobiles were invented, for example, buggy-makers suffered.

rudebarbs

Randall K. Hylkema

THAT BETTER BE AN AMERICAN CAR!
BUY AMERICAN
ACTUALLY... IT'S ASSEMBLED IN KOREA...
...FROM AMERICAN PARTS... FRENCH TIRES ... GERMAN RADIO....
BUY AME
... AND THE KOREAN COMPANY IS 50% OWNED BY AN AMERICAN COMPANY...
?
AMERICAN
...WHICH IS CONTROLLED BY A LITHUANIAN EMIGRANT OF MIXED RACE WHO SPLITS HIS YEAR BETWEEN ZURICH AND YONKERS!
THIS GLOBAL ECONOMY IS HELL ON US PROTECTIONISTS!
YER A REAL MUTT!

THE FASTEST, EASIEST

$100,000

You'll Ever Make in Your Life, Yours *Now*

- WITHOUT A PENNY OF INVESTMENT
- WITHOUT LEAVING YOUR HOME
- WITHIN 90 DAYS
- "WORKING" ABOUT ONE HOUR A DAY (OR EVENING)

There are all kinds of ways to make money. Good golly, Molly — if anyone knows that, I do! For the past 20+ years I've concentrated on finding, investigating, creating and specifically singling out only the very finest legal and ethical methods for carving out a mass of wealth in a hurry. But believe me, in all those years never have I experienced anything remotely as exciting as this one!

Recently, I came across a fairly new way to make big bux, but after a thorough study I discarded it because it required too much investment of time, money and personal effort. But my study did serve as inspiration to develop yet another fantastic and unusual wallet-fattener — **something that until now has never been done** — yet fully complies with the tough set of standards I'm noted for demanding of *any* potential wealth-producing concept:

- Must be able to be started with **minimum investment**
- Must be possible to **start at home** and not interfere with family life.
- Must be able to be started and **run initially by one man or woman**
- Must require only a **few hours of spare time per week**
- Must have realistic annual profit potential of **$40,000 or more**

Well, this one goes way beyond my usual rigorous test. Get this: This extra-ordinary money-maker® allows you to:

- Start at once — **within 30 seconds** of studying my report
- Invest **not a single cent**
- Accomplish everything **without leaving your home** — heck, you can do it from your favorite easy chair whilst eating pizza or petting the dog (or vicey versey!)
- Have a potential **net profit** (not gross ... **net!**) of $100,000.00 by the end of 90 days — tops. And that's **cash**, not theoretical or paper profits.

Naturally, you're wondering what all this is — but I'm not going to tell you here. No, it's going to cost you ten smackers to find out. But I will tell you what it *isn't* so you'll not be off on some wild goose chase:

- ★ No sex or off-color stuff
- ★ No chain letter, pyramid or multi-level scam
- ★ No mail order, envelope stuffing or drop-shipping
- ★ No writing or self-publishing how-to stuff
- ★ No loan brokerage scheme
- ★ No stocks, commodities, real estate, etc.
- ★ No gambling, betting or wagering
- ★ No arts, crafts or special skills
- ★ No party-plan, door-to-door or phone selling
- ★ No catalogs, mailing lists, postage, etc.
- ★ No equipment to buy or rent
- ★ No bothering friends, relatives, etc.
- ★ Not anything you have ever seen advertised anywhere

For the past two decades Du Vall has captured the imagination of men and women the world over by providing solid, unique direction for their quest for financial freedom. His firm is headquartered in Michigan with international marketing offices in Hong Kong (known as DAX International, John W. Lane, President). In addition to producing some three dozen publications on money-making/self-improvement themes, DuVall is also the creator of the popular Derek Dax adventure/mystery/romance series and the author of the political intrigue novel, "The Big Dream" (published by Lyle Stuart, Inc., New York). Unlike most, he has never had to resort to outlandish money-back guarantees to attract only the finest DAX-DOERS worldwide and no such policy is expressed or implied.

His writings have been used in numerous style and content workshops and accredited courses at such institutions as California State University, UCLA, Fordham, University of Illinois and Worcester Polytechnic Institute.

WHO CAN DO IT

Anyone with even a smidgen of ambition.

WHAT IS REQUIRED

Other than my step-by-step detailed report ... nothing. I have thought long and hard about it; A person virtually without a shirt on their back or a pot to plant petunias in could do it. You will of course, have to put my plan into motion — but that's both fun and easy and totally accomplished from the comfort of your own home. (By the way, no one will be coming to your home, either.)

Finally, let me make this clear: Once you have my report, **that is all you need to get going!** I have nothing else to sell you for this deal. Your purchase of this extraordinary report is NOT a "foot in the door" to get you to buy some extra or expensive "course" or whatever ... this is all you need from me!

WANT PROOF?

We have over 10,000 'tasty testimonials' from housewives, doctors, lawyers, layed-off factory workers—all sorts of good people. These excerpts sum up their feelings:

"Thanks a million times . . . you have proved 100% accurate in what you said in your advertisement. Doing this work is so easy! I sometimes work while in bed. Should you come up with another ingenious thing, please let me know.
Mohidin Mohammed, Sweden

"We are so impressed . . . have our 13 and 16 year olds involved . . . thanks for giving our family new hope."
MacClear Family, Indiana

". . . man in economically depressed area left $35,000 secure job to put this method to work . . . made $120,000. First man I've ever met who really made money on idea purchased through mail." David Roman, Editor, ROMAN REPORTS, Ohio

WHAT TO DO NOW

You've got two choices:

1. Put this ad aside, wait 90 days or so and perhaps lose your chance at $100,000.

Nifty Bonus!

A few months back in our DAX MONEY-MAKER® *CONFIDENTIAL NEWSLETTER*, we reported on another business that can easily net $1,000 a week for life. It's a bit more involved and does require getting out and about, but our readers were so delighted with it that I'm including it as an extra **free bonus** when you order our new special DAX report, "$100,000 in 90 Days."

2. Do the only sensible thing. Send me the ten bux and get started on wearing in that path to the bank.

P.S. One more thing (say, this Du Vall is a windy so and so, isn't he!). There are lots of people right now in bad financial straits. I hope you're not one of them, but if you are, having read this ad you now have absolutely no excuse for being broke, because as the saying goes, "This is it!" This could truly be the once-and-for-all solution to any money miseries you have. I guess you'll have to take my word for it until you receive these fabulous reports — but if it eases your mind any, over 1,000,000 men and women worldwide have been, over the years **repeat buyers** of my books, courses, reports, cassette tape programs and newsletters. There must be a reason . . .

— Dean F. V. Du Vall

Du Vall Press Financial Publications
920 W. Grand River, Williamston, Michigan 48895

For same day processing mail to: **DAX**
BOX 14-ND334
WILLIAMSTON, MI 48895

Dean — this sounds like just what I'm looking for — a chance to make mega-bux without any investment or having to leave the house. The same day you receive my order rush me your new DAX Special Report, "$100,000 in 90 Days" plus the Free Bonus Report, "$1,000 A Week for Life." Enclosed is ten dollars.

DAX DAX DAX ®
For Personal Success

_____

_____

_____ Zip _____

Optional: ☐ Add $2 for individual handling/first class postage.

©1985

But Boxill not only approves of Rawls's "difference principle"; he chides Rawls for not extending it from individuals to nations and endorsing it on an international scale. Its international application would mean that wealthy nations should provide massive economic aid to poorer nations.

One shudders to contemplate the consequences of such transfers of wealth. Individuals may voluntarily go to the aid of individuals and groups in poor countries and genuinely improve their lot. But Boxill's reference is specifically to *nations*. Yet pouring billions of American taxpayers' money into economically depressed foreign nations can be expected only to bankrupt the Americans who had to surrender some of their paychecks for this purpose, without even aiding the individuals in the poorer nations. These nation-to-nation transfers of wealth only fill the pockets of local dictators while the people remain as impoverished and dependent as ever. This is what 40 years and almost as many billions of dollars of American foreign aid have already conspicuously achieved, especially in Africa. (See Jonathan Kwitny, *Endless Enemies.*)

• In the 1890s, thousands of European immigrants poured into America, where many of them labored in sweatshops under conditions hardly imaginable today. But most of them did not remain there; most of them improved their lot quite rapidly, obtained better employment on their own, and some of them were millionaires within a decade. The secret was *upward mobility*. The government did not help them, but neither did it (as it does today) stand in their way.

Upward mobility is more difficult now than it was then because of the high level of taxation and the omnipresence of nuisance-regulations that keep most new businesses from succeeding. Yet even today one is moved by occasional brief newspaper accounts of individuals and families—Vietnamese, black, Lithuanian—who started out penniless and by dint of hard work, adaptability, and willingness to surmount difficulties, achieved a share in the "good life" that is still possible in America.

Boxill, in his highly motivated endeavor to rid America of racial discrimination, would call into being mechanisms and institutions that would reduce that upward mobility, eliminate the capitalization required to produce new jobs, and thus condemn to yet further generations of economic inferiority the very group he seeks most to help. The wheels of economic principles may grind slowly, but they grind exceedingly sure. In the process of tampering with their operation, Boxill, so high-mindedly devoted to the correction of injustice, may crush the very individuals for whose benefit he labors with such sincerity and intensity.

John Hospers is a philosophy professor at the University of Southern California and the author of numerous works on rights and social justice.

■ ***The First Dance of Freedom: Black Africa in the Postwar Era, by Martin Meredith, New York: Harper & Row, 412 pp., $23.95.*** For many of us, Africa conjures up images of starving Ethiopian children, apartheid in South Africa, and perhaps Cuban troops in Angola. Beyond these snippets of news that the national media have presented us, the rest of Africa is mysterious.

Yet Africa's history and current affairs are rich in content and highly relevant to the study of man, state, and economy. Journalist Martin Meredith's *First Dance of Freedom* provides a highly readable starting point from which to begin understanding Africa.

Meredith recounts, almost in the fashion of a novel, the story of black Africa under colonial rule through independence and up to the present. As his point of departure, he chronicles the activities of key leaders in the move toward African independence, bringing to life such eminent African figures as Kwame Nkrumah, Jomo Kenyatta, Hastings Banda, Patrice Lumumba, Felix Houphouet-Boigny, and Sekou Toure.

But *First Dance of Freedom* is more than a series of biographical sketches. The book details the colonial policies of England, France, Belgium, and Portugal. England's paternalism, France's nationalism, Belgium's efficient authoritarianism, and Portugal's miserliness formed different backdrops influencing each group of colonies' path to independence.

The march to independence itself was sometimes bloody, sometimes not. Post-independent black Africa, however, has been almost uniformly beset by chaos, bloodshed, political repression, and economic disaster. Black Africa's saga, as told by Meredith, illustrates the phenomenal difficulty of making nation-states out of territories whose boundaries were arbitrarily drawn by colonial powers who ignored tribal organization, religious groupings, and cultural heritage as they carved up Africa. The result has been three decades of turmoil.

The astute reader can draw a second lesson from the pages of Meredith's book. Africa has plunged deep into poverty where government economic meddling has prevailed. States such as Nkrumah's Ghana, endowed with resources and enjoying a fairly prosperous economy at the time of independence, have regressed economically. Only the handful of African states that have encouraged capitalism and trade, most notably Houphouet-Boigny's Ivory Coast, have prospered. Meredith himself does not articulate this conclusion, but readers can hardly fail to reach it themselves given the evidence presented.

■ ***The Emergence of African Capitalism, by John Iliffe, Minneapolis: University of Minnesota Press, 160 pp., $29.50/$10.95.*** The conclusion to be drawn from Meredith's book, however, will not come naturally to all those who have thought that Africa's penchant for state agricultural collectives, state marketing boards, and nationalized industry is only a natural offshoot of its tribal heritage. *The Emergence of Capitalism*, by John Iliffe, should go a long way toward disabusing utopian socialists of this claim.

In this compact work, Iliffe investigates the emergence of capitalism in precolonial Africa and traces its path through colonial times to the present. He describes production and trading arrangements among African farmers, merchants, and manufacturers throughout sub-Saharan Africa. Wage labor was not uncommon. Free markets sprang up in various forms across Africa. Peasants produced and sold surplus food. These and other capitalist economic practices survived into the colonial era. It was the colonial rulers, and later Africa's own national leaders, who stopped African capitalism in its tracks, stunting it with widespread government controls on economic activity.

Iliffe's book is inspiring. It lifts the spirits both for the myths it demolishes and for the evidence of human ingenuity that it introduces. Free-trade arrangements are not unique to Western man, as some like to argue. They arise even in remote African jungles.

—Lynn Scarlett

classified

Books

PUBLISH YOUR BOOK! Join our successful authors. All subjects invited. Publicity, advertising, beautiful books. Send for fact-filled booklet and free manuscript report. Carlton Press, Dept. RE, 11 West 32 St., New York, NY 10001.

HOW TO GET A SECOND PASSPORT. Report. 12 countries analyzed. Details: WMA, 45 Lyndhurst Terrace, Suite 530, Central, Hong Kong.

WANTED: Index to any Ayn Rand work. Tom Porter, 818/343-1359.

Business Opportunities

AMBITIOUS INDIVIDUALS. Start your own business. Earn substantial income at home. Nominal investment in time, money, and effort. Free cassette. RDG, 2024 S. 28th St., Philadelphia, PA 19145.

INVENTIONS, IDEAS, new products wanted! Industry presentation/national exposition. Call free 1-800/528-6050, ext. 831.

$40,000 ON 1/3 ACRE! Unbelievable? No! New Hydroponics works! Inexpensive startup. Practical. Free information. Barnhill's, Box 1214, Franklin, TN 37065-1214.

Education

UNIVERSITY DEGREES! Economical home study for Bachelor's, Master's, Doctorate. Prestigious faculty counsels for independent study and life experience credits. Free information: Richard Crews, M.D. (Harvard), President, Columbia Pacific University, 1415 Third St., Dept. 2L91, San Rafael, CA 94901; toll free: 800/227-0119; CA: 800/552-5522; or 415/459-1650.

Employment

TEACHERS of libertarian/free-market persuasion who desire an opportunity to work with motivated and academically advanced students in a private school for grades K-8 are needed. A state credential is not required; however, a love of learning and children is. For more information, contact Dustin Baker, Challenger Schools, 4455 Union Ave., San Jose, CA 95124; 408/559-3939.

OBJECTIVIST-ORIENTED J-School grads needed to help subvert mush-media South Texas chain daily into rational fact-packed 5W newspaper. Long hours, dismal pay, Herculean challenge. Send resume, writing samples and recent photo to Box VS, REASON.

PRODUCTION MANAGER FOR REASON. So the editors can edit and the art director design, REASON is looking for an organized, self-starting person to coordinate all aspects of production of monthly magazine and lots of related projects. Responsible for scheduling, traffic, selection of vendors, quality, etc. Should have knowledge of some aspects of production (printing, typography, paste-up). Screening now for early '86 hiring. Send resume and salary history to Dept. PM, REASON, Box 40105, Santa Barbara, CA 93140.

Organizations

GAY LIBERTARIAN ORGANIZATION: Sample newsletter, send large SASE: Libertarians for Gay and Lesbian Concerns, PO Box 953R, San Francisco, CA 94101.

LIBERTARIAN TRANSITION CAUCUS. For free newsletter, send large SASE to PO Box 3322, Huntington Beach, CA 92605.

Personals

LONELY, UNPRETENTIOUS, unbiased convict, 25, famished for friendship and decent honest conversation. Without family and friends, I desire to correspond with people who care to reach out and share themselves. Mr. Ben'y Hutcherson, #178-961, PO Box 45699, Lucasville, OH 45699-0001.

WANTED: GALT/ROARK, by female version. PO Box 645, Newbury Park, CA 91320-0645.

Products

CASSETTE TAPES—Nathaniel Branden, Doug Casey, Arthur Laffer, Timothy Leary, Murray Rothbard, Karl Hess, debates between libertarians and Marxists/Conservatives. Over 100 titles. Free catalog. FOFCON, Box 26044, Santa Ana, CA 92799.

PERFORMANCE POWDER! Arginine/Ornithine 2:1, 300g, only $24! Life Extension, Bodybuilding Nutrients. Lowest Prices! Beyond A Century, Box 713R, Greenville, ME 04441.

Publications

AYN RAND ADMIRERS: join us! ON PRINCIPLE upholds reason, individual rights, and capitalism. Seven biweekly issues of news/analysis, $14. ON PRINCIPLE, 601 Ewing St. #B-7, Princeton, NJ 08542.

THE PROJECT is must reading if you think libertarianism needs a theory of the ruling class/conspiracy behind Statism. Free sample. A-albionic Research, Box 20273, Ferndale, MI 48220.

THE (LIBERTARIAN) CONNECTION, 17-year-old open-forum magazine. Subscribers may insert two pages/issue free, unedited. Lots of stimulating conversation. Eight issues (one year), $10. 4271 Duke #D-10R, Alexandria, VA 22304.

NOMOS—Studies in Spontaneous Order, bimonthly freedom magazine. $15/yr., $3/single. 9857 S. Damen, Chicago, IL 60643.

FREE MARKET ACTION. The fallacy fighter. Every 20 days. $25 or one pre-1965 silver dollar. 1633 Best Lane, Eugene, OR 97401.

Services

PSYCHOTHERAPY AND COUPLE counseling. Experienced, licensed psychologist. Dr. Keith Hutchinson, New York City/Westchester, 212/570-7298.

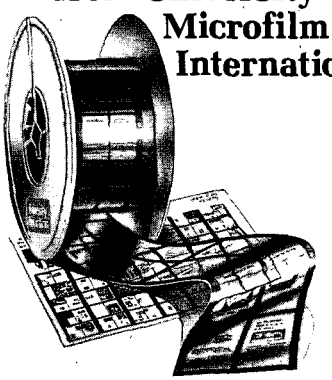
RATES;** 75 cents per word, $10.00 minimum. Telephone numbers count as one word; box numbers count as two words. Add $1.50 per insertion for REASON box number.* ***Payment must accompany all orders.

***DEADLINE:** Copy must be received by the 20th day of the month three months prior to issue date (e.g., advertising for the March issue, which is mailed in February, should reach us by December 20).*

***PAYMENT:** Check or money order should be made payable to REASON and sent to REASON Classified, Box 40105, Santa Barbara, CA 93140-0105.*

THE CLASSIFIED AD DEADLINE FOR THE MARCH ISSUE IS DECEMBER 20.

This publication is available in microform from University Microfilms International.



☐ Please send information about these titles:

Name _____

Company/Institution _____

Address _____

City _____

State _____ Zip _____

Phone ( ) _____

Call toll-free 800-521-3044. In Michigan, Alaska and Hawaii call collect 313-761-4700. Or mail inquiry to: University Microfilms International, 300 North Zeeb Road, Ann Arbor, MI 48106.

viewpoint

By Dina Rasor

If We're Serious About Weapons Waste...

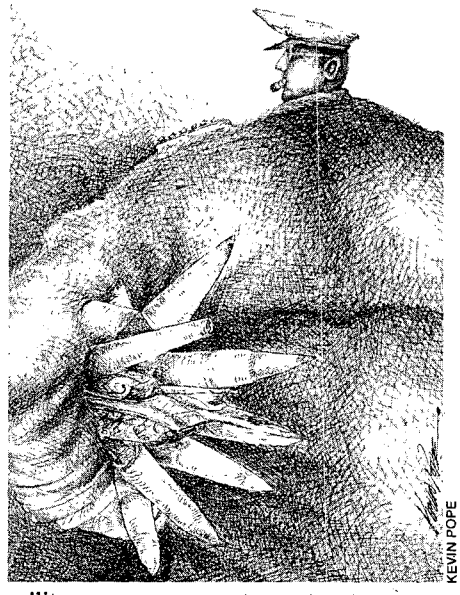
What justifies the Defense Department's huge appropriation of tax dollars every year? The folks at Defense know the most politically unassailable answer: we need a strong national defense to protect our American system. So it's ironic that DOD itself shuns one of the prime features of the system it claims to protect: free enterprise.

Since World War II, the percentage of weapons procurement contracts awarded by open and free competition has steadily declined. Now, only about 6 percent of the Pentagon's contracts are actually open to the fresh air of market competition—although the defense bureaucrats try to tell a different story.

In the last five years there has been one weapons horror story after another involving cost overruns, defective products, and million-dollar overcharges, putting the Pentagon under pressure to increase true competition in handing out contracts. Right now, depending on what office in the DOD is presenting the numbers, the Pentagon is telling the public and Congress that the extent of competitive contracts is between 40 and 75 percent. What they don't tell is that those numbers include "negotiated contracts" and other loopholes they've found in federal procurement laws.

True competition requires formal advertised sealed bids, or FASB. The Pentagon advertises the item needed, any company can bid on it, and the lowest bidder judged realistically able to do the work gets the contract. But in negotiated contracts, the Pentagon bureaucrats select a few favored contractors to submit bids and then negotiate until they have a winner. Negotiated contracts look like competition only compared to sole-source contracts, one of the most common methods of procurement. Here, the Pentagon decides that only one contractor should do the job and works out what both parties think is a "reasonable" price. Unfortunately, those "reasonable" prices have been showing up in outrageously overpriced and poorly designed spare parts and weapon systems.

In 1982 the General Accounting Office (GAO), using the traditional statistical method, found that only 5.8 percent of



KEVIN POPE

military procurement contracts were FASB. They also discovered that the Pentagon was inflating that figure to 7.6 percent by including the budget of the Army Corps of Engineers, which is nonmilitary and had never previously been included. Why? In order to claim that the level of competition was improving.

Even using Defense's now-inflated system, the level of FASB competition has continued to decline. An "improved" 7.6 percent in 1981 had become 5.5 percent by 1984. It seems that the Pentagon is just interested in the *appearance* of doing something to improve weapons procurement by injecting a dose of competition.

Intentionally or not, Congress recently made it even easier for the defense spenders. In 1984 our representatives in Washington passed a bill supposedly designed to increase competition in Defense contracting.

Up until then, the law had made FASB the main goal for DOD contracts but allowed for 17 exceptions. It was by taking full advantage of these that the Pentagon had brought true competititon down to such a miserable level. The new law makes matters even worse, however. It lays out the specific circumstances for using FASB and makes negotiated contracts the new *standard* for program managers. So after many years of working hard to get around the FASB requirement, the Pentagon can now legitimately ignore a full and open competition that would include small businesses and new companies trying to break into the defense field, putting downward pressure on weapons costs and providing an incentive for improvements in quality.

Some in the Pentagon insist that large items such as aircraft cannot be "competed" because they are only made by one company. This has been the bureaucratic response, for example, to a "creeping capitalism" bill introduced by Sen. Charles Grassley (R-Iowa) that would require the amount of FASB competition to be increased by 5 percent a year until 70 percent of the procurement budget is subjected to true competition.

Impossible, says the Pentagon: General Dynamics must always produce the F-16, and McDonnell Douglas must always produce the F-15; therefore, they must have sole-source contracts for those planes. In fact, however, these planes were designed by defense-contractor engineers whose salaries were paid by the taxpayers via the DOD. And the DOD, according to federal law, owns the design and could take its business elsewhere.

This isn't a fanciful suggestion. Aircraft production used to be done this way, and the B-47 bomber is a good example. When production started in 1950, the B-47 was an advanced, state-of-the-art bomber. Although it had been designed by Boeing, 1,692 B-47s were manufactured not just by Boeing but by the other two major aircraft companies at that time, Lockheed and Douglas. This is just one example. Competition *can* be introduced even for large-ticket items such as aircraft.

But reform is evidently not going to come from within. If the public really have had enough of ineffective spending and waste in the Pentagon, they will have to convince Congress to insist in one way or another that the Pentagon embrace the free-market competition this country was built on.

Dina Rasor is the director of the Project on Military Procurement and the author of The Pentagon Underground.

PROOF-LIKE SILVER DOLLARS

Enlarged

LESS THAN $10 EACH

Demand for Canadian silver dollars is surging, as collectors and investors increasingly appreciate the advantages of the large silver coins of our neighbor to the north: Canadian silver dollars of the 1960-66 period offer a unique combination of beauty, low price and investment potential.

Before 1967, Canada issued honest-to-goodness silver dollars—big, bright, beautiful, heavy, high purity silver dollars. These coins contain more than 325 grains of 800 fine silver. They are not to be confused with the low grade 500 fine silver dollars issued since 1971.

Because they were minted in quantity sufficient to fill demand at the time of issue, for many years collectors considered them common coins. Yet their mintages were not large: the commonest date has a mintage of less than 11 million. That compares with mintages of more than 50 million for some U.S. silver dollars. And supplies of Canadian silver dollars reduced further during the great silver melt of 1980.

An Uncirculated Bargain at $10...

At present, the commonest date U.S. silver dollar, whether Morgan or Peace type, currently commands a price of about $40 in MS-60 condition, about $75 in MS-63 condition. Yet Canadian silver dollars minted only 40 years later, are available for about $10 in uncirculated (MS-60 to MS-63) condition.

The chart below compares the commonest Canadian silver dollar to commonest date Morgan and Peace silver dollar:

ITEM	WEIGHT	FINENESS	MINTAGE	MS-60	MS-63
1921 Morgan Dollar	376 gr	900	44,690,000	$40.00	$75.00
1922 Peace Dollar	376 gr	900	51,737,000	40.00	75.00
1965 Canadian Dollar	328 gr	800	10,786,596	9.75	9.75

The weight and fineness of the coins are similar. Yet the Canadian silver dollar is available far cheaper, despite the fact that far fewer of them were ever minted! It is easy to see why one expert recently wrote, "no other world silver dollar investment can offer *more profit potential.*"

It is small wonder that uncirculated Canada silver dollars are popular with investors and collectors at prices in the $180 to $200 per roll range.

A Better Deal...

There is a less well known version of the Canadian silver dollar that is far scarcer and far superior in condition to uncirculated specimens of these coins. And thanks to a recent acquisition, LCS can offer this superior coin at a remarkable price.

From 1960 to 1967, the Royal Canadian Mint produced special sets of coins for collectors. These sets, usually called "proof-like sets," contained one specimen of each denomination of Canadian coin, including the silver dollar.

Proof-like silver dollars are far superior to ordinary silver dollars struck for circulation. The Mint strikes proof-like dollars on specially selected planchets with new dies. The coins were then sealed in pliofilm envelopes to seal them from contamination from the air. Thus Proof-like dollars are not only more sharply struck than ordinary dollars; they show virtually no evidence of wear.

LCS has been able to acquire a quantity of Proof-like dollars, still sealed in the original pliofilm envelopes by the Royal Canadian Mint.

Because we acquired them at a price only marginally above the price for uncirculated (MS-60 to MS-63) Canadian silver dollars, we can make a most remarkable offer to you:

While our supply lasts, we offer Canadian Proof-like silver dollars at the remarkable price of $199 per roll of 20 pieces.

That is less than $10 per coin. That is the same price that other dealers currently sell ordinary uncirculated Canadian silver dollars for. Our stock includes coins of three separate designs and four different dates (1963, 1964, 1965 and 1966). While we cannot guarantee that every lot will include every date, we will attempt to include a variety of dates in each group we sell.

ACT QUICKLY! Our offer is limited to our current inventory. Orders will be filled on a first-come, first-served basis. Because of the extreme low price, there is a good chance that our entire inventory will be depleted.

TO RESERVE YOUR PURCHASE call us toll-free at **1-800-321-1542.** (Michigan and Alaska residents call (517) 351-4720.) Or return the coupon below.

Yes! Please send me the Canadian Proof-Like silver dollars I have indicated below. I understand that all coins are in original pliofilm envelopes from the Royal Canadian Mint.

QTY.	ITEM	PRICE	TOTAL
_____	Canada Silver Dollars, Proof-Like, 1963-1966, per lot of 20 coins	@ $ 199 =	_____
_____	Canada Silver Dollar, Proof-Like, 1963-1966, per lot of 100 coins	@ 985 =	_____
_____	Canada Silver Dollar, Proof-Like, 1963-1966, per lot of 200 coins	@ 1965 =	_____
_____	Canada Silver Dollar, Proof-Like, 1963-1966, per lot of 500 coins	@ 4875 =	_____
	Postage & Handling		5.00
	TOTAL ENCLOSED		_____

EK

NAME

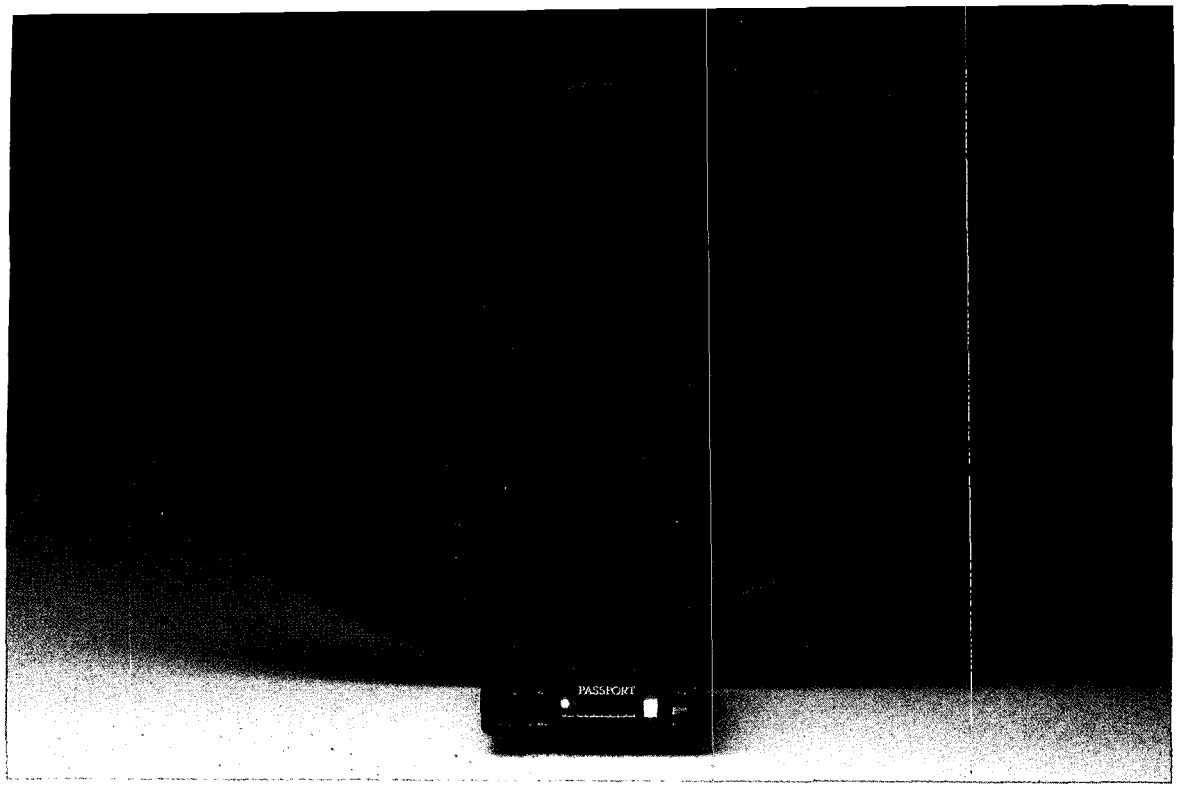
ADDRESS

CITY / STATE / ZIP

PHONE

Liberty Coin Service 300 Frandor Avenue Lansing, MI 48912
1-800-321-1542 (517) 351-4720

IZ-ORC



Small Wonder

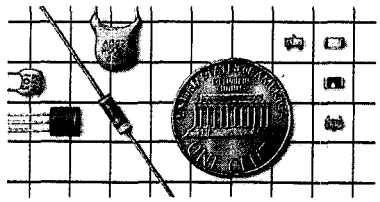
At last, *pocket-size* radar protection.

Quite simply, PASSPORT is the smallest superheterodyne radar detector ever made—only ¾" tall, 2¾" wide, and 4½" long. It fits your pocket as easily as a cassette tape.

Small means nearly-invisible protection

This miniaturization is possible only with SMDs (Surface Mounted Devices), micro-electronics common in satellites but unprecedented in radar detectors. The result is exactly what you'd hope; high performance in a low-profile package. And the response is exactly what you'd expect. The experts at *Car and Driver* said, "In a word, the Passport is a winner."

The magazines report excellent performance. More than early warning, PASSPORT also provides a precise measure of radar range. Simply turn PASSPORT on and set the volume level. At radar contact, the alert lamp lights and the variable-pulse audio begins a slow warning: "beep" for X band radar, "brap" for K band. Simultaneously a bar graph of Hewlett-Packard LEDs shows signal strength. A photocell even adjusts the alert brightness to the light level in your car.



In PASSPORT, 102 SMDs (right) do the work of ordinary transistors, resistors and capacitors.

Small means the size of a cassette tape

As you get closer, the pulse quickens and the bar graph lengthens. And if you should want to defeat the audible warning during a long radar encounter, a special switch allows you to "mute" the audio, yet leave PASSPORT fully armed for the next encounter. You get the complete radar picture.

Small means never having to go without

You can take PASSPORT anywhere: on an airplane to another city, or to work for trips in the company car. Just install on dashtop or visor, then plug into your lighter. PASSPORT keeps such a low profile, it can be on duty without anyone noticing. And PASSPORT comes complete with a visor clip, windshield mount, straight cord, coiled cord—even a leather travel case. And we back PASSPORT with a full one year limited warranty.

Try PASSPORT at no risk. Call us toll free to order. When your PASSPORT arrives, take the first 30 days as a test. If you're not completely satisfied, return it and we'll refund your purchase and your mailing costs. You can't lose.

$295 (OH res. add $16.23 tax)

VISA

© 1985 Cincinnati Microwave, Inc.

PASSPORT™
RADAR · RECEIVER

Call Toll Free 800-543-1608

Cincinnati Microwave
Department 100-013-C13
One Microwave Plaza
Cincinnati, Ohio 45296-0100